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INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

HEARINGS BEFORE THE SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD EIGHTY-SIXTH CONGRESS FIRST SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS,
AND SENATE RESOLUTION 44, 86TH CONGRESS

JANUARY 30 AND FEBRUARY 4, 1959

PART 44

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



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INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, JANUARY 30, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES,
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 221, agreed to January 29, 1958, in room 3302, New Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Karl E. Mundt, Republican, South Dakota.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Harold Ranstad, assistant counsel; Charles E. Wolfe, investigator; John Prinos, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Ervin.)

The CHAIRMAN. Mr. Counsel, call your first witness, or do you have a statement you wish to make with respect to the proceedings today?

Mr. KENNEDY. Mr. Chairman, we began an investigation and held some hearings on Mr. Charlie Johnson, vice president of the Carpenters, last year. We were not able to complete the hearings because Mr. Johnson became ill at the time just prior to the day he was expected to testify. We expected to resume the hearings this week and notified Charlie Johnson to that effect, and he then gave us or submitted a doctor's certificate saying he was too ill to testify.

We had him examined by a Government physician who agreed that he could not testify.

I might say, however, that since the time he became ill before the last hearings, and today, he has been a very active figure in the Carpenters Union. He is the one that gave the nomination speech for Mr. Hutcheson before the international convention several months ago.

The CHAIRMAN. Was that convention subsequent to the hearings we held on this matter?

Mr. KENNEDY. That is correct. And it was where Mr. Hutcheson was elected once again as international president of the Carpenters Union.

But Mr. Charlie Johnson gave the nomination speech and stated that no derogatory information had been found on Mr. Hutcheson,

and came out very actively and vociferously for Mr. Hutcheson's nomination.

We are going into Mr. Charlie Johnson's activity anyway, and I would like to call the witness who will give some background information regarding Mr. Charlie Johnson, and that witness is Mr. John Harold, Mr. Chairman.

The CHAIRMAN. May I inquire while the witness is coming around, you are satisfied now Mr. Johnson is not able to attend the hearings?

Mr. KENNEDY. That is correct.

The CHAIRMAN. The doctors feel he should not be required to testify?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Will you be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAROLD. I do.

TESTIMONY OF JOHN R. HAROLD

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HAROLD. My name is John R. Harold, and I am an attorney admitted to practice in the State of New York, and I live at 95 Rock Ledge Road, Bronxville, N.Y.

The CHAIRMAN. Thank you. Will you proceed.

Mr. KENNEDY. How long have you been an attorney?

Mr. HAROLD. Since 1938, sir.

Mr. KENNEDY. What has been your practice, generally?

Mr. HAROLD. My specialty is representing trade unions, and since the outset of my practice I have represented trade unions.

Mr. KENNEDY. That is, in the New York area?

Mr. HAROLD. Only in the New York City metropolitan area, primarily local unions and district councils.

Mr. KENNEDY. What are some of the unions you represent?

Mr. HAROLD. We represent a Teamster Union, and we are proud of it, and it is a good one.

We represent biscuit and cracker workers, and we represent about 25,000 municipal employees in the State, county, and Municipal Employees Union, a district council, and we represent as we are needed in Westchester several of the construction trade unions. And we represent an IATSE, Film Editors, and some others, and I could take the time to recall them.

Mr. KENNEDY. Did you have occasion in 1949 and 1950 to represent a Teamsters Union in Westchester?

Mr. HAROLD. Our office represented Local 456 of the Teamsters Union in Westchester County, and it might be represented that Ed Doyle of that union was a prior witness at this committee.

Mr. KENNEDY. Who was the head of that union?

Mr. HAROLD. John Acropolis was the president of that union then. At the same time he was also president of the Westchester Federation of Labor, the labor organization representing all of the AFL unions in Westchester County.

Mr. KENNEDY. That, Mr. Chairman, is the John Acropolis about whom we have already had the testimony in connection with the cartage industry in Westchester. He was murdered in what year?

Mr. HAROLD. In 1951.

Mr. KENNEDY. Did you, as a representative of Mr. Acropolis and Local 456 of the Teamsters, have occasion to have conferences with what later became the Yonkers Raceway?

Mr. HAROLD. Yes, sir.

Mr. KENNEDY. Would you relate that situation to us?

Mr. HAROLD. Fine. Surely.

In the fall of 1949, the old Yonkers track was being renovated in preparation for the track becoming a night harness racing track. Construction work was in progress, and substantial construction work.

The Teamsters Union Local 456 and Mr. Acropolis was concerned as to what unions would represent the various workers when the track opened. In behalf of his own local union, he made an appointment with officials of the Yonkers Track Association and went to meet with them to ask concerning the future of the track.

A Mr. Thome from the Moving Picture Operators Union, also a client of our in Yonkers, also attended that first meeting.

That first meeting was primarily in their own interest as local unions.

They met with a Mr. Burton, who, at that time—and this was January 31, 1950—said in substance that he himself did not know about the total plans of the racetrack, and that everything was indefinite, and that they might well be contracting out all of the aspects of the track to different subcontractors, and so that they might have very few employees themselves.

It is also, I think, worth noting that at this particular time there were only seven employees, direct employees, of the racetrack. They had been groundkeepers that had been there for years. All of the other employees were employees of subcontractors.

A claim for representation was made by Mr. Thome, and Mr. Acropolis. Mr. Burton said, "Let me find out what it is all about and we will have another meeting."

Mr. KENNEDY. That is Mr. T-h-o-m-e; is that right?

Mr. HAROLD. That is right. We asked Mr. Burton if perhaps he could not have a table of organization for us, and he said he did not have one. He told us, however, that Local 32E of the Building Service Employees Union, which was then led by their president, Tom Lewis, had made a claim for jurisdiction, and that we would have to consider the fact that they also claimed representation.

We then advised Mr. Burton that he should not sign any contract with the Building Service local or with our local, and that if there were any jurisdictional questions it would be readily taken back to the Westchester Federation of Labor, and in the council of that body we could determine which of the several unions had proper jurisdiction.

A meeting was then scheduled and the next meeting came on February 21. However, before that meeting the Building and Construction Trades Council elected a committee from among its members and the Westchester Federation of Labor elected a committee from among its members, to jointly meet with management so that there would be no argument and no argument and no confusion over jurisdiction.

On the 15th of February—and this date is important—the racetrack, and the Yonkers Trotters Association, was advised in writing of the existence of these two committees, and the claim of these two councils.

At the meeting of February 23, and I was in error, we met again with Mr. Burton, with the two committees from the council, and Mr. Buck and Mr. Wolf of the association and again we then put forth a claim for jurisdiction.

At that time, despite our earlier position we were advised that the track had already signed a contract with Building Service Union Local 32E, and a blanket contract for all employees to be hired by the racetrack when it opened.

Of course, the unions of these councils were critical of favoring one union which was incidentally a Bronx Building Service Union, and as we will later see, it was rather clear why the racetrack favored such a union.

Mr. KENNEDY. Is that the union headed by Mr. Tommy Lewis?

Mr. HAROLD. Yes, sir.

Mr. KENNEDY. What happened to Mr. Tommy Lewis?

Mr. HAROLD. He was murdered.

Mr. KENNEDY. When was he murdered?

Mr. HAROLD. I am not sure of the date. I think around 1953.

Mr. KENNEDY. He was shot in his home?

Mr. HAROLD. He was.

We asked to see the contract and they refused to give it to us, and we asked to have them describe the job classifications which were covered in the contract, and they refused to give it to us.

Another meeting was scheduled to discuss the problem further on March 1 at the racetrack, and again the committees were there representing the union, and Mr. Burton, Mr. Wolf, and Mr. William Blakely, who was general counsel for the track.

Again we asked for the blanket contract and we asked to see the contract, and again it was refused.

Mr. Blakely said, however, that since he had just come into this part of the problem he wanted more time to talk with his clients, and he would let us know their final position.

He informed us the following day that the client would not show the contract to us and would not give the contract to us, and he saw no purpose for any further meetings. But he did tell us that further labor relations problems of the racetrack would now be handled by one Joseph Pizzo, a labor relations consultant from the Bronx.

Mr. KENNEDY. How do you spell his name?

Mr. HAROLD. P-i-z-z-o.

So that our next meeting was with Mr. Pizzo. A meeting was scheduled at his office on March 6 and again we criticized the fact that we were blanketed out of any claim to represent the employees at the racetrack.

Mr. Pizzo said, "We really take this problem up with Mr. Lewis. Why don't you gentleman go see Mr. Lewis?"

The labor leaders who did represent the parent organization saw no good reason to go and talk to another local union that had in their opinion usurped their proper prerogatives.

Mr. KENNEDY. Just breaking in again, Mr. Pizzo was a very close friend of Mr. Lewis, was he not?

Mr. HAROLD. Very close friend and business associate, and I do not know whether your records disclose, and I think that they do, that they were copartners in a welfare fund and insurance company venture, in respect to the funds of local 32E in the Bronx.

Of course, it is kind of hard to represent labor when you are so entwined with the management consultant, and it seems impossible to my mind.

We then had to put teeth in our position, and after several further meetings with Mr. Pizzo we presented them, the racetrack, with a memorandum of understanding in which we asked them to sign, so that they would recognize organized labor and they would leave to the council the resolution of any jurisdictional problems, and we would assure them they would have no work stoppages based upon any jurisdictional problem, and they would be settled within the house of labor, and that they would recognize the status of the two councils, the Westchester Federation of Labor and the Construction Trades Council.

They refused to change their position, and they refused through Mr. Pizzo to meet with us.

It then became necessary for the councils to take action. They reported their circumstances back to their full bodies, and the full bodies authorized the committees to take whatever action was necessary. And about March 16 a strike of the racetrack took place called by, authorized by, the Westchester Federation of Labor and the Building and Construction Trades Council of Westchester.

The strike was from a labor's point of view, very successful. Construction stopped, all of the contractors who were working at the racetrack had their work stopped, and as was intended, we hoped that this would cause the management of the racetrack to do business with the top councils in Westchester County.

However, about 2 days after the strike started, the local Carpenters Union in Westchester went through the picket lines, and went back to work. This, of course, from a labor point of view, was a very serious blow to the strength of the organized group on the outside.

Secondly, on the 17th of March, a judge in Westchester County signed an ex parte stay of all picketing and made the return date 10 days later before a hearing would normally, under the terms of that order, be had.

So that the unions in question were now under terrific pressure. One had gone back to work, and they could not picket, and they were very anxious too, to get the strike settled.

As an aside, and I suppose it is not important, the question whether to appeal that order came up, and it was the opinion of John Acropolis that the strike could successfully still continue without a picket line, and it did, except for the Carpenters.

Then there was a threat that the Engineers local in Westchester County would go back to work, and that threat was taken care of by organized labor so that they did not go back to work and there was some talk of putting the New York Engineers from a New York local on their jobs but this never came about.

But it is illustrative of the terrific pressure which was on top of John Acropolis and the Federations to give in and to capitulate.

Obviously, like in any labor situation, labor too is interested in getting a settlement, and there is no profit in a strike for anybody. It was at this time that Mr. Charles Johnson appeared on the scene.

Mr. KENNEDY. What was Mr. Johnson's position at that time?

Mr. HAROLD. I believe he was then international vice president, or at least was an international representative of the Carpenters.

Mr. KENNEDY. He was a member of the General Executive Board of the Carpenters.

Mr. HAROLD. Yes.

Mr. KENNEDY. He was not a vice president at that time.

Mr. HAROLD. I didn't know for sure. The labor unions involved were very pleased to have a mediator, and Mr. Johnson represented himself to these labor unions involved that he had friendly relations with the racetrack, and that they respected him, and that they would sit down with him and perhaps he could bring about a meeting of the parties, which he did. There were several meetings held.

Mr. KENNEDY. Whom did you understand he was representing?

Mr. HAROLD. At that time, and until some time later, I think several years later, everybody in that situation at that time understood only one thing, that he was an international representative of a labor union and he was representing the laborer's position in this matter, and to use his good offices to get it settled.

There was not the slightest doubt in anybody's mind, and I was in close consultation with all of the people involved, which for the moment suggested that he was a management representative.

Mr. Johnson did bring about a meeting, and Mr. Johnson and Mr. Pizzo did attend meetings, and did bring about a settlement. The nature of the settlement was such that the Building Service Union was required to give up some of the jurisdiction normally recognized by the craft unions, and so you had electricians, and you had moving picture operators and you had carpenters and you had laborers and so on, supplied by the various Westchester unions working then and thereafter permanently at the racetrack, although Mr. Lewis kept a very substantial part of the area.

Lastly, the question of representation of the parking lots attendants was involved, and the stipulation of understanding which settled it stated that the Teamsters Union would have jurisdiction of that. And, I remember it very clearly and very shockingly, at a very late date, when this settlement was arrived at, Mr. Pizzo then informed us that he forgot to tell us that about a month before, local 445 of the Teamsters Union in Westchester County, had claimed jurisdiction of the parking lot attendants and thus, regretfully, he couldn't do business with John Acropolis; he wouldn't prefer one Teamster union over another.

We never heard of 445 in the picture until this late date.

Mr. KENNEDY. Who did they sign the agreement with?

Mr. HAROLD. The original agreement for everybody was signed with the councils, Westchester Federation of Labor and the Construction Trades Council.

Mr. KENNEDY. Which Teamster decided it?

Mr. HAROLD. The International appointed a body to hear it, a three-man board, and they determined that the jurisdiction belonged to local 445, and the record of the officials of local 445 is before this committee, I believe.

Mr. KENNEDY. That is Mr. Stickles and Mr. Massielo?

Mr. HAROLD. That is right.

Mr. KENNEDY. Both of them were subsequently sent to the penitentiary for receiving money from employers?

Mr. HAROLD. That is right.

Mr. KENNEDY. This is the union that was selected over Mr. Acropolis?

Mr. HAROLD. Yes. And incidentally—well, I better not get into that. It is not part of this inquiry.

The CHAIRMAN. Were you folks satisfied with the arrangements worked out by Mr. Johnson?

Mr. HAROLD. Well, I believe that labor accepted the settlement.

The CHAIRMAN. I asked if you were satisfied with it. You may have had to accept it.

Mr. HAROLD. I doubt very much if labor was satisfied. The groups that I represented were very disappointed that the Building Service Unit in the Bronx should take so much of the jurisdiction there, 90 percent of it.

We were very unhappy about that. But the pressure was such, with an injunction over our heads, with the unions all threatening to throw in the sponge, or some of them, that this was the best bargain we could make under the circumstances. That is about all we can say.

Finally, and because of the purpose of the inquiry, I assume that you will later show, as we later learned, that Mr. Johnson was an employee of the racetrack and paid by the racetrack.

The CHAIRMAN. Do you mean at the time he was negotiating?

Mr. HAROLD. I cannot be precise. But he was then, and he has himself said so, that he was talking about being retained, and he was paid—you would have to depend on other records—something like \$36,000 by the racetrack as a labor relations consultant; I presume and believe covering this service.

The CHAIRMAN. You thought he was representing the union?

Mr. HAROLD. Yes, sir; no doubt about it.

The CHAIRMAN. You found out he was being paid by the other side?

Mr. HAROLD. Yes, sir.

The CHAIRMAN. All right.

Mr. HAROLD. Well, let me say this: As an attorney I would not have lasted very long if, while I was representing a union dealing with management, I had even the slightest business relation with that same management, unrelated to labor matters. We attorneys could never have such a dual purpose.

The CHAIRMAN. I think there will be further testimony. This is just preliminary.

Mr. HAROLD. The last and final thing which I think, as a labor lawyer who believes that a labor movement is a movement, the most pathetic thing of the whole problem is that Mr. Johnson went to a council in New York State, the Council of Carpenters, and there not only admitted but boasted that when he worked for anybody he

charged very good fees, and he was very proud of the fact that because of his years of training and his experience in the labor movement, he was able to charge a high fee for representing the Yonkers Race-track, and he was proud of it, and he would take care of his family any time he got any further opportunity. The concluding problem, and it is theirs to decide, the members employed him.

Mr. KENNEDY. I might read that to you. It is an executive board meeting, Executive Board Member Charles Johnson's speech made at the convention of the New York Council of Carpenters at Glen Falls, N.Y., October 16, 1953, in which he said, in part:

Everybody in Westchester kidded me how lucky I was. I did not think I was lucky. I thought I would get a whole lot more than I did—

and then everyone applauded.

Mr. HAROLD. In conclusion, I think it would be unfair if the newspapers pictured this as a fight between John Acropolis and Tom Lewis. As everyone knows in the labor movement, and I have to say this, John Acropolis was an extremely honorable, tough, militant trade unionist, who in my opinion was murdered because he was stopping too many shakes in Westchester County.

The CHAIRMAN. Too many shakedown; do you mean?

Mr. HAROLD. Yes, sir. I know of my own knowledge, and records have already been stated, of the many instances that he used his offices as president of the Westchester Federation of Labor, to stop shakes. It is my honest opinion that the people who killed him were paid by many people.

I can prove nothing, of course. But I do know that there were many people who would gladly have contributed to a pot to hire a killer. His murder has never been solved.

The CHAIRMAN. Does that mean in some areas if you are a labor official, you have to be crooked or you stay honest at the risk of your life?

Mr. HAROLD. In some limited areas. We must always be careful, Senator, as you know. Ninety-nine percent of the labor movement is a pretty wonderful instrument.

The CHAIRMAN. But if it happens in any area, if that condition prevails anywhere, in any area, one area, that is too many.

Mr. HAROLD. Particularly for Mr. Acropolis.

The CHAIRMAN. I gather from your testimony that that is the situation that prevailed in that particular area at that time.

Mr. HAROLD. In respect to certain unions; that is correct.

Lastly, in justice to 32E of the Building Service Union, they have a new president, and I think it is a pretty good union. I think it is honorably and decently run at the moment. I wouldn't want to leave an inference on my remarks against them. Thank you.

Mr. KENNEDY. Tommy Lewis' murder has not been solved either; has it?

Mr. HAROLD. Let me pause. Wasn't somebody convicted in the Tommy Lewis murder?

Mr. KENNEDY. I believe maybe one of the killers was shot by a policeman, but they never found out who was the other.

Mr. HAROLD. My recollection is not good. I will take yours. I certainly wouldn't differ with it.

The CHAIRMAN. Are there any questions, Senator Ervin?

Senator ERVIN. No questions.

The CHAIRMAN. All right. Thank you very much, sir.

Call the next witness.

Mr. KENNEDY. Mr. Nathan Herzfeld.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HERZFELD. I do.

**TESTIMONY OF NATHAN E. HERZFELD, ACCOMPANIED BY COUNSEL,
LOUIS HAIMOFF**

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. HERZFELD. My name is Nathan Herzfeld. I live at 299 Park Avenue, New York City. My occupation is a real estate investment company, General Investors Co.

The CHAIRMAN. You have counsel present.

Mr. Counsel, will you identify yourself for the record, please?

Mr. HAIMOFF. I am Louis Haimoff, of the firm of Sylvester & Haimoff, 501 Fifth Avenue, New York City.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Herzfeld, you were the principal stockholder in 1949 in the Algam Corp.?

Mr. HERZFELD. I was one of the principal stockholders; yes.

Mr. KENNEDY. What was the Algam Corp.?

Mr. HERZFELD. The Algam Corp. was a real estate firm which purchased the old Empire City Racetrack and then made an arrangement with Mr. Cane, who held the license to operate a harness track in New York City. We made a lease with Mr. Cane. I have forgotten the name of his operating company at that time.

It was the Goshen Mile Track Association. That was the name of his license at the time we made the lease with him. He moved that license up to the Empire City Racetrack, and it then became known as the Yonkers Trotting Association.

Mr. KENNEDY. So you and several others, including a man by the name of Joseph Henschel, had an interest in the Algam Corp.?

Mr. HERZFELD. Yes.

Mr. KENNEDY. And you, in turn, entered into an agreement with an organization which ultimately became the Yonkers Trotting Association?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. That was to lease the track after you reconditioned it; is that correct?

Mr. HERZFELD. We reconditioned it jointly.

Mr. KENNEDY. And it was for the purpose of being prepared for racing on April 28, 1950?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. You began the reconstruction of the track. Were there then some discussions with representatives of various labor unions as to who would represent the employees?

Mr. HERZFELD. Yes, sir; there was.

Mr. KENNEDY. Did you participate in those discussions?

Mr. HERZFELD. I think I sat in on some of them, but I wasn't very active in preliminary discussions.

Mr. KENNEDY. The Westchester County Federation of Labor and the Building Trades Council attempted to negotiate a contract; is that correct?

Mr. HERZFELD. So I understand, sir.

Mr. KENNEDY. And then subsequently they were informed that a contract had already been signed with 32E?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. How was it that the contract was signed with 32E? How did that come about?

Mr. HERZFELD. I don't know, sir; but I assume because they were assumed to be the most logical union.

Mr. KENNEDY. While you were having negotiations with these other labor bodies, why was suddenly 32E—why was that contract with 32E suddenly signed?

Mr. HERZFELD. I do not know. I wasn't very active in those negotiations. It was mainly the prerogative of the licensee.

Mr. KENNEDY. That was the local that was headed by Tommy Lewis. Did Mr. Lewis suggest that you hire a labor consultant?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. Did he suggest Mr. Joseph Pizzo?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. And you hired Joseph Pizzo?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. How much money was paid to Mr. Pizzo for representing you?

Mr. HERZFELD. To the best of my knowledge, sir, about \$90,000.

Mr. KENNEDY. For representing you in this matter?

Mr. HERZFELD. For representing us in a strike, a jurisdictional strike, which took place during the construction period; that is, he represented—

Mr. KENNEDY. Did you know at that time Mr. Pizzo and Mr. Tommy Lewis were partners in an insurance welfare company?

Mr. HERZFELD. No, sir.

Mr. KENNEDY. But it was Mr. Tommy Lewis, the union official, who suggested Mr. Pizzo be hired?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. Did you also bring in Mr. Charlie Johnson to assist you in settling this jurisdictional strike?

Mr. HERZFELD. Mr. Johnson was brought in; yes, sir.

Mr. KENNEDY. He was brought in?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. How was he brought in?

Mr. HERZFELD. One of our directors, Mr. Henschel, suggested Mr. Johnson would lend his good offices to mediate this thing and be helpful.

Mr. KENNEDY. Was it Mr. Henschel who suggested him or was it you that suggested him?

Mr. HERZFELD. It was Mr. Henschel that suggested him.

Mr. KENNEDY. Had you known Mr. Charlie Johnson?

Mr. HERZFELD. Well, I hadn't known him. I may have met him, like you meet many people, but I don't know him like you know somebody. I never had an appointment with him or broke bread with him, and so forth. I may have met him.

Mr. KENNEDY. You may have met him?

Mr. HERZFELD. Yes.

Mr. KENNEDY. You don't remember it?

Mr. HERZFELD. I don't remember definitely. I don't remember definitely that I ever did, but I may have.

Mr. KENNEDY. Had you been social friends prior to this?

Mr. HERZFELD. No, sir.

Mr. KENNEDY. When Mr. Johnson made this statement before the convention in New York State Council of Carpenters on October 16, 1953, he said—he states here on page 2—

For about 15 to 20 years I have enjoyed the friendship of two men who are not engaged in the construction business. We have been social friends. My wife and the wife of one of these two men knew each other long before I met him. Their names are Joseph Henschel and Nate Herzfeld.

Is his statement here that he had known you for 15 or 20 years, and you had been social friends prior to that time, is that statement correct?

Mr. HERZFELD. If the beginning of a social friendship is breaking bread even once or even having one appointment with the man, I would say "Yes." What was the juncture—

Mr. KENNEDY. I don't regard that as a social friend, somebody that you might have met during the previous 15 years, where you can't remember.

Mr. HERZFELD. Then I stand on my statement, sir.

Mr. KENNEDY. He goes on—

The CHAIRMAN. In other words, the statement that Johnson made there is not true, according to you?

Mr. HERZFELD. Yes, sir; Senator.

The CHAIRMAN. In other words, that is not accurate.

Mr. HERZFELD. As to me.

The CHAIRMAN. As to you, that is not true?

Mr. HERZFELD. That is right.

Mr. KENNEDY. Mr. Chairman, we also have a statement that Charlie Johnson, Jr., made to the district attorney of Westchester County, White Plains, N.Y., which he signed and swore to. On page 10 of that statement he was asked:

Had you known Herzfeld before?

His answer is:

For many years my wife and his are very friendly, and I have been friendly with him and met him at various places in New York, although I had never been to his home or he had never been to my home.

Question. You had know him the same way that you had known Henschel, is that it?

Answer. That is right.

Is that statement by him correct, that for many years his wife and your wife had been very friendly?

Mr. HERZFELD. I have no knowledge of that, and I am sure "very friendly" must be wrong. I don't know whether this—they might have had a beauty parlor acquaintance or something of that sort, but I am sure not in the sense you are asking.

Mr. KENNEDY. You know of no friendship between his wife and your wife?

Mr. HERZFELD. I know of no friendship; no, sir.

Mr. KENNEDY. So to the best of your knowledge that statement is also incorrect?

Mr. HERZFELD. To the best of my knowledge, it is; yes, sir.

Mr. KENNEDY. Mr. Chairman, we have here an affidavit from Mr. Joseph Henschel, which also conflicts with some of the statements that have been made. We have tried to subpoena him but we have not been able to locate him. But we had procured an affidavit from him some time ago.

The CHAIRMAN. The affidavit from Mr. Henschel will be placed in the record in full at this point.

(The complete affidavit follows:)

STATE OF NEW YORK,
County of New York:

JUNE 9, 1958.

I, Joseph Henschel, having been duly sworn, voluntarily make this statement to Anthony J. DiSalvo who has identified himself to me as a staff investigator for the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field. I am cognizant of the fact that this statement may be used in open hearings before the committee.

I did not know Charles Johnson prior to 1949. It is possible that he knew me because I was active in public life, but certainly we did not know each other socially until I was introduced to him in late 1949 or early 1950.

I did not introduce Charles Johnson to the management of Algam Corporation or the Yonkers Trotting Association. I met him for the first time at the time of the strike at the track. This was some time between December 1949 and March 1950. We met in a large room where Mr. Cane, Mr. Hertzfeld, Mr. Wolf, and several other people from various unions and I were discussing labor difficulties. I do not know who invited Mr. Johnson to this meeting or how he got there.

In regard to a telephone call which Mr. Johnson says I made to him, this occurred after my introduction to him at the track. I could not have called him before that time because I did not know him.

(Signed) JOSEPH HENSCHEL.

Sworn to before me this 9th day of June, 1958.

[SEAL]

(Signed) DOROTHY FUNDLER,

Notary Public, State of New York, No. 60-6431700, Qualified in Westchester County.

Term expires March 30, 1960.

Mr. KENNEDY. I would like to point out the number of conflicts that there are in the testimony already, and conflicts with Mr. Charlie Johnson's statement both to the carpenters' convention and also to the district attorney, for he states first at the carpenters' convention, and I repeat what I read before:

For about 15 to 20 years I have enjoyed the friendship of two men who are not engaged in the construction business. We have been social friends, and my wife and the wife of one of these two men knew each other long before I met him.

Now, the two men he identifies as Joe Henschel and Nate Herzfeld, and yet in the affidavit that we have here from Mr. Henschel he states that he did not meet Mr. Charlie Johnson until their meeting at the racetrack.

I also point out on page 8 in the statement of Mr. Johnson to the district attorney, he was asked on page 8 who was Joe Henschel, and he answered:

He is an old friend of mine for over 15 or 20 years, and I believe he is a stockholder or connected with one of the corporations that owns the racetrack.

Question. Had you had any business dealings with him?

Answer. No business dealings prior to his calling me up on this.

Question. Yes, I understand. Well then, was your acquaintance purely social?

Answer. Purely social.

Mr. Herzfeld, you testified here that it was Mr. Henschel who brought Mr. Charlie Johnson into this situation, and Mr. Henschel states in his affidavit that he did not bring Mr. Charlie Johnson in, and that you were with Mr. Charlie Johnson prior to his even meeting Mr. Johnson.

Mr. HERZFELD. I am positive of my statement, sir. Frankly, Mr. Kennedy, and Senator, I see no point in denying him, and if I knew him and I thought he could be helpful I would bring him in and I would have brought him in to help. We were not very choosy who we brought in to help us out of this terrible situation.

Mr. KENNEDY. Evidently.

Mr. HERZFELD. Well, we had very little choice.

The CHAIRMAN. Your contention is that you have no reason for saying you did not know him 15 years before and knew him socially?

Mr. HERZFELD. That is right.

The CHAIRMAN. You were in a difficult situation up there, and your point was to get anybody to help you, labor officer or anybody else, and you were ready to hire, fire, or do anything?

Mr. HERZFELD. If somebody had mentioned Charlie Johnson to me as a man who could help, a labor official or labor leader, I would have called him up and introduced myself, and I have no reason to say that I was not social with him if I were. That would seem to me to answer it.

The CHAIRMAN. What reason would he have to say you were if you weren't; do you know?

Mr. HERZFELD. What is that?

The CHAIRMAN. What reason does he have for saying that you were if you were not?

Mr. HERZFELD. I can't understand it and it does not make any sense, and I cannot understand it.

The CHAIRMAN. Somebody is not telling the truth, obviously. Everybody cannot be telling the truth.

All right.

Mr. KENNEDY. Now, why was Mr. Johnson brought into this situation?

Mr. HERZFELD. He was suggested as a man, sir, who might help to mediate this situation by virtue of his knowledge or contacts with labor.

Mr. KENNEDY. Who was he suggested by?

Mr. HERZFELD. Mr. Henschel.

Mr. KENNEDY. This, of course, is denied by Mr. Henschel, but that is your recollection?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. Could it be anybody else?

Mr. HERZFELD. I can't think of anybody else that had anything to do with it.

Mr. KENNEDY. Was it discussed at that time how much Mr. Johnson was to be paid for this service?

Mr. HERZFELD. No, sir; it was not discussed, and it was our understanding that he was doing this as a service to labor in general, and to us as a favor.

Mr. KENNEDY. It was known at that time that he was an official of the Carpenters Union?

Mr. HERZFELD. Yes, sir.

The CHAIRMAN. Do you remember what his official position was at that time, that particular time?

Mr. HERZFELD. No, sir; I do not think that I ever did know his official position.

The CHAIRMAN. But you understood he was an official of the Carpenters Union?

Mr. HERZFELD. Yes, sir.

The CHAIRMAN. And you are speaking of the International now, are you?

Mr. HERZFELD. Yes, sir. I know it was of the larger body, and I just do not know what it is called.

Mr. KENNEDY. He was a member of the general executive board of the Carpenters Union, and president of local 1456 of the Carpenters Union in New York.

Now, was Mr. Johnson able to settle the problem?

Mr. HERZFELD. Well, sir, the strike was settled, and, of course, a number of people took credit for its settlement after it was settled, and I was not present when it was settled, and I learned about it a day later, but it was settled subsequent to Charlie Johnson offering us his services.

Mr. KENNEDY. Did Mr. Johnson ask for a payoff for that?

Mr. HERZFELD. Subsequently, Mr. Cane asked me to come into a conference, and he said that Mr. Johnson had made a request or demand for compensation and, of course, this thing was discussed, and we reiterated our stand among other things that we did not know there would be any compensation involved, and it was finally settled for \$30,000.

The CHAIRMAN. How much did he demand?

Mr. HERZFELD. Well, if we settled it at that figure, I am sure that the demand was greater than that; that is my best recollection, but I can't remember exactly.

The CHAIRMAN. I assume maybe it was, but you finally settled for \$30,000?

Mr. HERZFELD. Yes, sir.

The CHAIRMAN. And what demand or request had he made upon which you based that settlement?

Mr. HERZFELD. You mean the original demand?

The CHAIRMAN. His original demand.

Mr. HERZFELD. I don't recall, but I assume it was in excess of \$30,000, if that is what he eventually received.

The CHAIRMAN. You seem to me like you would recall about that. Did it come to you as a surprise he was making any demand or claim at all?

Mr. HERZFELD. It came as a great surprise, and you see, he had this conference first with Mr. Cane, because by this time the track was operating, and as a licensee Mr. Cane had full right—in fact, under the terms of the license, the landlord couldn't interfere, where-

as we had a special interest during the construction stage because we were contributing to it. At that time our only interest was in the net proceeds from which we derived our rent, and so that to that extent we sat in, but to all intents and purposes all decisions were made by the operating company, which was Mr. Cane.

So I was called in at one time, and now whether he had had a conference previous to that I don't recall.

Just how much he asked for of which \$30,000 was the result, I also do not remember, but I assume it was more.

The CHAIRMAN. Now, at the time that you paid him the \$30,000, or agreed to pay him the \$30,000, you knew him to be a representative of the union?

Mr. HERZFELD. Yes, sir.

The CHAIRMAN. That placed him in a position of trying to serve two masters, did it not?

Mr. HERZFELD. Excuse me, sir. The licensee, Mr. Cane, paid him as an expense of the raceway. We didn't pay him as Algam, but it affected us in our rent, because if the expenses were larger, naturally the net profits would be smaller. But we didn't pay it to him.

The CHAIRMAN. But actually half of it was charged to you, and you had to reimburse for half of it.

Mr. HERZFELD. It had an effect upon the net profits.

The CHAIRMAN. Fifty percent of the total, you mean?

Mr. HERZFELD. Something like that; yes, sir.

The CHAIRMAN. That is about right?

Mr. HERZFELD. Yes, sir.

The CHAIRMAN. Had you known in the beginning at your first conference, when Johnson came into the picture, that he represented labor, that he was a labor official, and that he was going to render this service but expected you to pay him for whatever service he rendered in this connection? Would you have engaged him if you had known he was going to charge you?

Mr. HERZFELD. Well, it is very hard to answer in retrospect, Senator. I try to be perfectly sincere and honest about it, and it is so difficult for me to say now what my opinion would have been 10 years ago in a situation like this.

The CHAIRMAN. All right, and come down to this situation: You realize when you did agree to pay him that you were paying off a union official whose duty it was to protect the union men?

Mr. HERZFELD. I personally did not regard it that way at all, sir.

The CHAIRMAN. How would you regard paying another fellow's attorney?

Mr. HERZFELD. He did not represent the union. You see, we had no dispute with the union, sir, and the unions were disputing with each other, and the jurisdictional strike was there, and he made a peace.

The CHAIRMAN. Wasn't his primary duty to the union men, even if they were fighting among themselves, his duty as a union official for which he was getting paid, to try to settle it without charging the employer who was involved?

Mr. HERZFELD. I would have preferred, sir, had he followed that course, which is what we originally expected.

The CHAIRMAN. That was a legitimate course for him to follow?

Mr. HERZFELD. I believe so, yes, sir.

The CHAIRMAN. And it was an improper course for him to make a demand upon you folks for payment for his services after they were performed?

Mr. HERZFELD. I agree with that.

The CHAIRMAN. That is fine. All right.

Mr. KENNEDY. Was that all of the money received?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. Was he paid any further sums of money?

Mr. HERZFELD. For the strike, you mean, sir?

Mr. KENNEDY. Was he paid any other sums of money?

Mr. HERZFELD. He was subsequently hired by Mr. Cane as more or less permanent labor consultant, and to the best of my recollection in a very short time Mr. Cane dispensed with his services.

Mr. KENNEDY. How much money did he receive for that?

Mr. HERZFELD. I do not remember, sir.

Mr. KENNEDY. What did he receive?

Mr. HERZFELD. I think it was \$10,000, but I am not sure.

Mr. KENNEDY. Actually he served for less than a year; is that not correct?

Mr. HERZFELD. That is correct.

Mr. KENNEDY. So that he ultimately received about \$7,000 more?

Mr. HERZFELD. That sounds right.

Mr. KENNEDY. So altogether he received from you and the Yonkers Raceway, some \$37,000?

Mr. HERZFELD. That is right, sir.

Mr. KENNEDY. His services were discontinued in September of 1951?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. Now, was that money paid directly to him, all of this money?

Mr. HERZFELD. I understand it was paid to Mr. Johnson and a son, or sons.

Mr. KENNEDY. To a son. The checks came to him at two separate times, did they not?

Mr. HERZFELD. I believe so.

Mr. KENNEDY. One group of checks came, \$5,000 to his brother, and \$5,000 to him, and \$5,000 to his son, in June of 1950.

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. And in December of 1950 each one of those three individuals received \$5,000 more; is that not correct?

Mr. HERZFELD. Yes, sir.

Mr. KENNEDY. Perhaps first payment was in August.

Mr. HERZFELD. I know it was just about that time, sir.

Mr. KENNEDY. To whom was the other \$7,000 paid? Was that paid directly to him?

Mr. HERZFELD. May I inquire of my counsel?

(Witness conferred with his counsel.)

Mr. HERZFELD. I don't know, and I am sorry I don't know, Mr. Kennedy.

Mr. KENNEDY. I believe, Mr. Chairman, the record showed the last payment of \$7,000 was paid monthly directly to him.

That is all.

The CHAIRMAN. Are there any questions of this witness?

Thank you very much. Call the next witness.

Mr. KENNEDY. Now, Mr. Chairman, Mr. Johnson made a statement also—I will find the place in here—to the convention that he was receiving only \$175 a week from the Carpenters Union after taxes, and that he needed this extra money. I would like to call a witness to place in the record how much money he was receiving from the Carpenters Union at that time, and also place in the record the amount of money that Mr. Johnson receives from the Carpenters Union at the present time.

The CHAIRMAN. All right. Call the next witness.

Mr. KENNEDY. Mr. Ranstad, will you come around, and also Mr. Paul Tierney.

The CHAIRMAN. You gentlemen have not been sworn in this particular hearing.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RANSTAD. I do.

Mr. TIERNEY. I do.

TESTIMONY OF HAROLD RANSTAD AND PAUL J. TIERNEY

The CHAIRMAN. Mr. Tierney, how long have you been an employee of this committee?

Mr. TIERNEY. Since its inception, Senator.

The CHAIRMAN. And in what capacity?

Mr. TIERNEY. As an assistant counsel.

The CHAIRMAN. The other gentleman, will you state your name?

Mr. RANSTAD. Harold Ranstad.

The CHAIRMAN. How long have you been an employee of this committee?

Mr. RANSTAD. Eighteen months, sir.

The CHAIRMAN. And in what capacity?

Mr. RANSTAD. Assistant counsel.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Chairman, this statement is made on page 4 of this portion of the address of Charlie Johnson at the convention in New York City.

The CHAIRMAN. Since that has been referred to, can one of these witnesses identify the photostatic copy so that we can make it an exhibit.

Mr. Ranstad, do you identify this as a photostatic copy of the address of Mr. Johnson?

Mr. RANSTAD. Yes, sir.

The CHAIRMAN. At the time referred to?

Mr. RANSTAD. That is what it purports to be.

The CHAIRMAN. Where did you procure it?

Mr. RANSTAD. It was given to us by a former Congressman, Andrew Jacobs, who was a practicing attorney at Indianapolis, and who represented members of the Carpenters Union in various actions.

The CHAIRMAN. It is represented to be that, and it may be made exhibit No. 61.

(Document referred to was marked "Exhibit No. 61" for reference, and may be found in the files of the select committee.)

Mr. KENNEDY. He states:

My salary from the United Brotherhood when the tax is taken out is about \$175 a week.

Then he goes on to say:

The newspapers contend that is all the money I should ever make. According to them I cannot go before a board of directors and offer to give my services in my spare time. All the newspapers say that is wrong.

Can you tell us what, in fact, he was making at that time?

Mr. RANSTAD. We have ascertained from his income tax returns that in 1950 he received \$7,497.40 in take-home pay from Carpenters Union, Local 1456; \$5,870.10 from Timbermen's Union, Local 1536; and \$7,833.80 from the Carpenters International, the International Brotherhood of Carpenters.

That is a total of \$21,201.30, or more than \$407 week. In addition, he received some allowances for expenses. These were not reimbursed expenses, but allowances for expenses. He received \$2,650 as his expense allowance from local 1536, and \$6,975 from local 1456 as an expense allowance.

He also receives commissions of \$2,700 from Penn Products.

Mr. KENNEDY. We will not go into that. We will put those figures in later.

Mr. RANSTAD. Very well.

The CHAIRMAN. \$21,000-plus is a little more than \$175 a week.

Mr. RANSTAD. About \$407 a week.

The CHAIRMAN. And that had been deducted and this is exclusive of his withholding?

Mr. RANSTAD. Yes, sir; after taxes.

The CHAIRMAN. Very well.

Mr. KENNEDY. Mr. Tierney, could you tell us what Charlie Johnson is making at the present time in the Carpenters Union?

Mr. TIERNEY. Yes, Mr. Kennedy.

Mr. KENNEDY. We have a 3-year period, 1955-57.

Mr. TIERNEY. During the year 1955, Mr. Johnson received as total salaries—these salaries are from positions he holds in various local unions as well as the international. I might explain those positions.

Mr. KENNEDY. Would you explain his positions and then would you explain where the salaries come from and give the totals?

Mr. TIERNEY. Mr. Johnson is a member of the General executive board of the international. He is president of local 1456, the dock builders local in New York City, dock builders of the Carpenters.

They have described him as a negotiator emeritus of local 1536 of the Timbermen's local, and his duties there for which he receives salary and expenses are those of counseling on organizational or jurisdictional or negotiating matters. He is now, and has been since 1957, the president of the district council in New York, which is the body superior to all locals in the five boroughs of New York City.

From all of these sources he has received salary and expenses, and the salaries and expenses I will give will be a total from those sources.

Mr. KENNEDY. Can you give us from each source?

Mr. TIERNEY. Yes. In 1955, he received a total of \$26,700 in salary and expenses from the United Brotherhood of Carpenters. Of that amount, \$6,800 is a 7-day miscellaneous allowance given to all members of the general executive board. It is just a flat allowance; that is a

flat allowance. That is the only flat allowance from the international.

From dock and pier local 1456, he received a salary of \$15,200. Rather, his salary and expenses totaled \$22,300. Of that amount, \$3,900 was flat expenses.

(At this point Senator Mundt entered the hearing room.)

Mr. TIERNEY. From timbermen's local 1536 he received salary and expenses totaling \$21,500, and of that amount, \$4,000 was flat expenses.

From the New York District Council, he received \$5,000, of the Carpenters.

The CHAIRMAN. How much?

Mr. TIERNEY. \$5,000.

Mr. KENNEDY. What was the total for him?

Mr. TIERNEY. The total salary was \$52,900. Total salary and expenses was \$75,500. Total salary and flat expenses was \$63,300.

The CHAIRMAN. How many different organizations did he draw that salary from?

Mr. TIERNEY. From four different organizations, Senator.

Mr. KENNEDY. Just of the Carpenters, Mr. Chairman.

The CHAIRMAN. That is, of Carpenter organizations.

Mr. TIERNEY. That is right.

The CHAIRMAN. All right. His total salary, is that for the year 1955?

Mr. TIERNEY. 1955; yes, sir.

The CHAIRMAN. His total salary was how much?

Mr. TIERNEY. \$52,900.

The CHAIRMAN. And his expenses were what?

Mr. TIERNEY. Well, the flat expenses—in other words, expenses which he didn't have to account for, flat allowances—were \$10,400.

The CHAIRMAN. Any other expenses?

Mr. TIERNEY. Yes. His other expenses amounted to—I will have to add them up.

Mr. KENNEDY. Give the total expenses.

Mr. TIERNEY. The total expenses, including flat expenses, were \$22,600.

The CHAIRMAN. \$22,600. That makes a grand total of \$75,500; is that correct?

Mr. TIERNEY. That is correct, salary and all expenses.

The CHAIRMAN. That is only for the year 1955?

Mr. TIERNEY. That is correct, Senator.

The CHAIRMAN. He drew it from Carpenter Union organizations, a total of \$75,500, of which \$52,900 was salary?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. Was this after taxes?

Mr. TIERNEY. No; this is before taxes.

The CHAIRMAN. This is before taxes?

Mr. TIERNEY. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. He draws from the same organizations. Perhaps, Mr. Chairman, we can put those in as an exhibit. However, perhaps Mr. Tierney can give the total for the other years.

The CHAIRMAN. Just give the grand total for 1956, 1957, and 1958, if you have it.

Mr. TIERNEY. I have just 1956 and 1957, Senator.

The CHAIRMAN. All right. Just give the grand total from the same sources for 1956. What did that total?

Mr. TIERNEY. In 1956 he received a total of \$76,400 in salary and all expenses.

The CHAIRMAN. That was an increase of \$900 over the preceding year?

Mr. TIERNEY. Yes.

The CHAIRMAN. Now, 1957. What was the grand total?

Mr. TIERNEY. In 1957 he received a total of \$72,700 in salary and all expenses.

The CHAIRMAN. You do not have it for 1958?

Mr. TIERNEY. I do not.

The CHAIRMAN. Do you have a breakdown of it there that you have prepared?

Mr. TIERNEY. I do, Senator; yes.

The CHAIRMAN. That breakdown of this income of this man Johnson for the year 1955, 1956, and 1957 may be printed in the record at this point.

(The table referred to follows:)

Schedule of moneys paid to and for Charles Johnson, Jr., by Carpenter organizations for the years 1955, 1956, and 1957

	United Brother- hood	Dock and Pier Local 1456	Timber- man's Local 1536	New York District Council	New York State Council	Total
1955						
Salary.....	\$15, 200	\$15, 200	\$17, 500	¹ \$5, 000	-----	\$52, 900
Weekly expense allowance.....	² 6, 800	³ 3, 900	⁴ 4, 000	-----	-----	14, 700
Transportation paid by union.....	2, 800	-----	-----	-----	-----	2, 800
Hotel bills paid by union.....	600	-----	-----	-----	-----	600
Special expense allowances.....	⁵ 1, 300	⁵ 3, 200	-----	-----	-----	4, 500
Total.....	26, 700	22, 300	21, 500	5, 000	-----	75, 500
1956						
Salary.....	15, 600	15, 700	19, 000	-----	\$200	50, 500
Weekly expense allowance.....	² 6, 600	³ 3, 900	⁴ 6, 000	-----	-----	16, 500
Transportation paid by union.....	3, 000	-----	-----	-----	-----	3, 000
Hotel bills paid by union.....	2, 400	-----	-----	-----	-----	2, 400
Special expense allowances.....	⁵ 300	⁵ 2, 000	-----	-----	1, 700	4, 000
Total.....	27, 900	21, 600	25, 000	-----	1, 900	76, 400
1957						
Salary.....	6, 000	12, 800	11, 000	23, 300	-----	53, 100
Weekly expense allowance.....	² 3, 000	³ 3, 500	³ 2, 600	⁴ 4, 000	-----	13, 100
Transportation paid by union.....	3, 500	-----	-----	-----	-----	3, 500
Hotel bills paid by union.....	1, 600	-----	-----	-----	-----	1, 600
Special expense allowances.....	⁵ 300	⁵ 400	-----	700	-----	1, 400
Total.....	14, 400	16, 700	13, 600	28, 000	-----	72, 700

¹ Gift from district council in appreciation of his efforts.

² \$7 a day miscellaneous allowance every day of the week and \$15 a day additional when traveling.

³ \$75 a week.

⁴ \$'00 a week.

⁵ For conventions, board meetings, conference, et cetera.

Mr. KENNEDY. Would you put what the salary was in 1956 and 1957, and what the flat expenses were?

Mr. TIERNEY. Yes. In 1956 his salary was \$50,500 from all sources in the Carpenters, and his flat expenses were \$12,400, or a total of \$62,900 in salary and flat expenses.

In 1957 his salary was \$53,100; flat expenses were \$12,600, for a total of \$65,700 in salary and flat expenses.

Mr. KENNEDY. When you talk about flat expenses, you mean expenses he doesn't have to account for?

Mr. TIERNEY. Regular allowances like \$100 a week or \$75 a week or \$7 a day.

Mr. KENNEDY. In addition to that, he had additional expenses?

Mr. TIERNEY. Yes, on transportation and hotel bills.

Mr. KENNEDY. We have had the testimony before the committee that his son and his brother also receive money from the raceway. Did they appear on the payroll of the Carpenters Union?

Mr. TIERNEY. They do.

Mr. KENNEDY. Could you tell us how much money they receive from the Carpenters?

Mr. TIERNEY. Yes. Robert Johnson is a brother of Charles Johnson. He is president of local 1536, the timbermen's local of the Carpenters in New York City, and he is secretary-treasurer of the New York District Council of the Carpenters in New York City. This is another relative.

In 1955 Mr. Robert Johnson received total salary and expenses from the local 1536 and the District Council of Carpenters of \$37,000. In 1956 he received a total salary and all expenses of \$45,000. In 1957, he received a total salary and all expenses of \$38,000.

Mr. KENNEDY. Would you tell us what——

Mr. TIERNEY. William R. Johnson——

Mr. KENNEDY. What is that a total for?

Mr. TIERNEY. It is a total of \$120,000 for the 3-year period.

Mr. KENNEDY. What was the total for Charlie Johnson for the 3-year period?

Mr. TIERNEY. \$224,600, salary and all expenses.

Mr. KENNEDY. Who else is on the payroll?

Mr. TIERNEY. William R. Johnson, brother of Charles Johnson, is financial secretary of local 1456 in New York City. He holds no other positions in the Carpenters.

For the years 1955, 1956, and 1957, he received total salary and expenses of \$19,000 during each year, or a total of \$57,000 for the 3-year period.

Mr. KENNEDY. \$57,000?

Mr. TIERNEY. \$57,000.

Mr. KENNEDY. Is he one of those who received \$5,000?

Mr. TIERNEY. Yes; he is.

Mr. KENNEDY. From the raceway?

Mr. TIERNEY. \$10,000.

Mr. KENNEDY. \$5,000 on two separate occasions; \$10,000 altogether?

Mr. TIERNEY. Yes.

Mr. KENNEDY. Is there another Johnson?

Mr. TIERNEY. Yes. Charles Johnson, Jr.'s son, Charles Johnson III, is a business agent for local 1536, the timbermen's local in New York City. He received in salary and expenses in 1955, \$14,500; in 1956, \$14,500; and in 1957, \$17,500, or a total of \$46,500.

Mr. KENNEDY. What is the total for all of the Johnsons that they received from the Carpenters in the New York area for the 3-year period?

Mr. TIERNEY. In the 3-year period, a total of \$448,100 for all salary and expenses.

Mr. KENNEDY. For Mr. Johnson and his family?

Mr. TIERNEY. That is correct.

(At this point Senator Ervin left the hearing room.)

The CHAIRMAN. Are there any questions, Senator Mundt?

Senator MUNDT. No questions.

Mr. KENNEDY. Mr. Chairman, may I also place in the record an exhibit for reference, the statement of Charlie Johnson to the district attorney?

The CHAIRMAN. Which one of you can identify this?

Mr. RANSTAD. Senator, that is also a photostatic copy of a transcript that was furnished us by Mr. Jacobs, of Indianapolis.

The CHAIRMAN. Who is Mr. Jacobs?

Mr. RANSTAD. Andrew Jacobs is a practicing attorney at Indianapolis, a former Congressman. He has represented several members of the Carpenters Union in various law suits.

The CHAIRMAN. In other words, he has been a representative of the Carpenters Union?

Mr. RANSTAD. Of some of the members.

The CHAIRMAN. This may be made exhibit No. 62.

(The document referred to was marked "Exhibit No. 62" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Exhibit No. 62 will be for reference only.

Is there anything further of these witnesses?

Mr. KENNEDY. That is all.

Mr. RANSTAD. Senator, I was thinking of another document, I believe. This is a copy of the transcript that was furnished by the Westchester County district attorney.

The CHAIRMAN. That statement from the district attorney's office in Westchester County?

Mr. RANSTAD. That is right.

The CHAIRMAN. It is part of his records in the case?

Mr. RANSTAD. Yes.

The CHAIRMAN. Very well. The record will be corrected accordingly, pertaining to exhibit No. 62.

Mr. KENNEDY. Mr. Chairman, the next witness is Mr. Edward Weiss.

The CHAIRMAN. Come forward, Mr. Weiss. Will you be sworn?

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WEISS. I do.

TESTIMONY OF EDWARD H. WEISS, ACCOMPANIED BY COUNSEL, HOWARD RUBIN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. WEISS. Edward H. Weiss, 107 Monadnock Road, Newton, Mass. I am in the gasoline and oil business.

The CHAIRMAN. In the gasoline and oil business?

Mr. WEISS. Yes, sir.

The CHAIRMAN. You have counsel.

Mr. Counsel, will you identify yourself for the record?

Mr. RUBIN. Howard Rubin, 82 Devonshire Street, Boston.

The CHAIRMAN. Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Weiss, you are president and treasurer of the Penn Products Corp.?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. That is a New York corporation?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. You are treasurer of the Mercury Oil Co., Inc.?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Is that right?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. That is a Massachusetts corporation?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Where is the place of business? That is, for the Mercury Oil?

Mr. WEISS. 94 Vernon Street, Somerville, Mass.

Mr. KENNEDY. You are president and treasurer of Penn Products Co.; is that right?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. That is also in Somerville, Mass.?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Can you tell us what the Penn Products Corp. does, and what the Mercury Oil Co. does; what their business is?

Mr. WEISS. We sell gasoline and oil.

Mr. KENNEDY. To whom do you sell gasoline?

Mr. WEISS. Principally to contractors and to any type of fleet owners, all types of users of the products.

Mr. KENNEDY. When was the Penn Products Corp., the New York corporation, formed?

Mr. WEISS. Sometime in early 1949.

Mr. KENNEDY. And when did you meet Mr. Charlie Johnson?

Mr. WEISS. Shortly prior to that time.

Mr. KENNEDY. Who introduced you to Mr. Charlie Johnson?

Mr. WEISS. My brother.

Mr. KENNEDY. Did you determine or did you decide that you would go into business together with Mr. Charlie Johnson?

Mr. WEISS. He was going to represent us.

Mr. KENNEDY. Now would you relate to the committee how that came about?

Mr. WEISS. Well, Mr. Johnson said that he had been friendly with a great many contractors over a great many years, and he thought he would be in a position to see to it that we were put on the invited list of bidders of these various contractors in the area, that he knew them, and that we would have an opportunity to submit proposals to supply their gasoline and lubricating oil requirements.

Mr. KENNEDY. Had you known Charlie Johnson prior to having this conversation with him?

Mr. WEISS. I did not.

The CHAIRMAN. Let me ask you at that point: Was the contractor a contractor with whom his union had bargaining contracts?

Mr. WEISS. I did not know that.

The CHAIRMAN. What kind of contractors were they?

Mr. WEISS. Well, we didn't know what contractors he knew. He said he had a great many friends. I didn't know whether his union had contracts with them or whether they did not.

The CHAIRMAN. You did know he was a union official?

Mr. WEISS. I did, sir.

The CHAIRMAN. And he was going to use that connection in relation to this business enterprise?

Mr. WEISS. No; he was going to use his friendship in these things, not his union position.

The CHAIRMAN. Just his friendship?

Mr. WEISS. Yes, sir.

The CHAIRMAN. That would have no relation, of course, to the position he occupied in unionism?

Mr. WEISS. This I would not know. This is his decision.

The CHAIRMAN. You could not know, but you have a strong suspicion. Well, I think we agree. Proceed.

Mr. KENNEDY. Who introduced you? Did you say your brother?

Mr. WEISS. Yes, my brother.

Mr. KENNEDY. And his name is what?

Mr. WEISS. Philip Weiss.

Mr. KENNEDY. Had Mr. Philip Weiss and Mr. Charlie Johnson been in business prior to this time?

Mr. WEISS. Not to my knowledge.

Mr. KENNEDY. What has been the business of your brother?

Mr. WEISS. He was a salesman.

Mr. KENNEDY. For what company?

Mr. WEISS. I do not know.

Mr. KENNEDY. You don't know what company your brother worked for?

Mr. WEISS. No; I don't. I would like to read a statement here, gentlemen, if I may.

Before answering any questions, my brother, Philip Weiss, is under Federal indictment in proceedings in Michigan. I hope the committee will understand my reluctance to testify about any matter which might in any way be prejudicial to his rights in proceedings now pending before the U.S. court in Michigan.

I respectfully ask that I be excused from answering any questions which involve any activities of my brother.

Senator MUNDT. For what is your brother indicted? Is it something relevant to this?

Mr. WEISS. In some parts matter in Michigan. I am not familiar with all the details.

Mr. KENNEDY. Stolen automobile parts? Is that correct?

Mr. WEISS. It was automobile parts, some automobile parts.

Mr. KENNEDY. It has nothing to do with this, really.

Mr. WEISS. No, nothing at all to do with this matter.

The CHAIRMAN. Mr. Counsel, you may proceed to interrogate the witness regarding any transaction involving the union and this particular company. There is no immunity for a witness to testify to anything he might know because of his brother. Sometimes they hate to testify against their friends. We understand, we are not going into an irrelevant matter, possibly the stealing of automobile parts or something somewhere else. We are not going into that.

But anything related to the subject matter of this inquiry the witness, of course, will answer if interrogated about.

Mr. KENNEDY. I am not going to go, Mr. Chairman, into detail about his brother with this witness. There were just some preliminary questions that I wanted to get straightened out because it was through his brother, Phil Weiss, that Mr. Ed Weiss met Charlie Johnson, Jr. I am not going to embarrass him by going into any detailed questions about him.

The CHAIRMAN. Well, avoid those.

Mr. KENNEDY. If I could have just what he did and what his business was. Mr. Phil Weiss is a key figure in this hearing, and he has been a key figure in hearings that we have held over the period of the past 2 years.

It is unfortunate that these questions must come up, but I have to ask them because of the fact that Mr. Charlie Johnson first came into this company through the introduction of Phil Weiss.

What was Mr. Phil Weiss' position at that time?

Mr. WEISS. He was a salesman for the oil companies.

Mr. KENNEDY. What oil company?

Mr. WEISS. Penn Products Co. and Mercury Oil Co.

Mr. KENNEDY. What other financial interests did he have?

Mr. WEISS. Where?

Mr. KENNEDY. Anywhere.

Mr. WEISS. None that I know of.

Mr. KENNEDY. Do you know what connections he had with the steel company, for instance?

Mr. WEISS. No.

Mr. KENNEDY. Do you know if he had any interest in any steel company?

Mr. WEISS. No knowledge of it.

Mr. KENNEDY. Do you know what other financial interests he had other than working for your company as a salesman?

Mr. WEISS. No.

Mr. KENNEDY. What was his relationship with your company as far as financial compensation was concerned?

Mr. WEISS. We paid him a commission on whatever sales were made.

Mr. KENNEDY. Was he an officer of one of these companies?

Mr. WEISS. He was not.

Mr. KENNEDY. How long have these companies been in existence?

Mr. WEISS. Mercury Oil Co., to the best of my knowledge, was formed in—

Mr. KENNEDY. Just approximately.

Mr. WEISS. Sometime in 1947-48, and Penn Products Co. quite a number of years prior.

Mr. KENNEDY. So that we get the situation, the Penn Products Co. which, of course, is in Somerville, and Penn Products Corp., of course, is in New York, we will be talking chiefly about the Penn Products Corp. from New York.

These other companies in which you had a financial interest had been in existence during the 1940's; is that right?

Mr. WEISS. What other companies?

Mr. KENNEDY. The Penn Products Co. and the Mercury Oil?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. And you had been selling to contractors during that period of time?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Mr. Charlie Johnson was to introduce you to various of the contractors?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. He stated to you that he was friendly with some of the contractors?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. How was he going to be compensated for the work that he did?

Mr. WEISS. He was going to receive what our usual commission arrangement was, which is 50 percent of the net job profit or the net profit of any products that were sold.

Mr. KENNEDY. And he was to become, in fact, a salesman for your company?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Was that for the Penn Products Co. of Somerville?

Mr. WEISS. Penn Products Co. of Somerville—no, that was for the Penn Products Corp., which was formed at that time, and for the Mercury Oil Co., which was in existence at that time.

Mr. KENNEDY. The Penn Products Corp. was formed, then, in New York, in order to make this arrangement with Charlie Johnson?

Mr. WEISS. It was formed after the arrangement was made with Charlie Johnson.

Mr. KENNEDY. In order to put into effect this arrangement with Charlie Johnson?

Mr. WEISS. Yes, to operate through a New York corporation.

Mr. KENNEDY. Did he obtain an interest in the corporation?

Mr. WEISS. He did not.

Mr. KENNEDY. Did any of his relatives?

Mr. WEISS. His wife did.

Mr. KENNEDY. What interest did she have?

Mr. WEISS. Twenty-five percent.

Mr. KENNEDY. Did she put up some money for that?

Mr. WEISS. Yes.

Mr. KENNEDY. How much money?

Mr. WEISS. To the best of my recollection, \$250.

Mr. KENNEDY. Then did Mr. Charlie Johnson proceed to obtain introductions for you with various contractors?

Mr. WEISS. He did, sir.

Mr. KENNEDY. Do you have a list of the contractors from which he was able to obtain accounts?

Mr. WEISS. The list was submitted to the committee and I believe my attorney has a copy of it.

(The witness conferred with his counsel.)

The CHAIRMAN. To get one thing clear that I am not sure about, you said arrangements were with Mr. Johnson to have 50 percent of the profits.

Mr. WEISS. Of the net profits of any products sold.

The CHAIRMAN. Did that include all of the products sold by the Penn Products Co. which was formed right after this arrangement was made?

Mr. WEISS. No. That was only to those accounts that Mr. Johnson was responsible for.

The CHAIRMAN. Where you gave him credit for getting the account, he was to receive 50 percent?

Mr. WEISS. Of the net profit.

The CHAIRMAN. Yes, of the net profit. In addition to that, his wife received 25 percent of the other profits because she had put up \$250 for a 25 percent interest?

Mr. WEISS. Correct, sir.

The CHAIRMAN. Now we have the picture. All right.

Mr. KENNEDY. Do you have a list there?

Mr. WEISS. Yes.

Mr. KENNEDY. Would you submit that to the chairman, please?

Mr. WEISS. Yes.

The CHAIRMAN. According to the copy of the list I have here, and you can check it there, there are 19 different companies or accounts on the list; is that correct?

Mr. WEISS. Correct, sir.

The CHAIRMAN. The first one you list is Corbetta Construction Co., New York City?

Mr. WEISS. Correct.

The CHAIRMAN. And the last one is Walsh Construction Co., New York City; is that correct?

Mr. WEISS. Correct, sir.

The CHAIRMAN. This list may be published in the record at this point, the list of 19 accounts.

(The list referred to follows:)

Corbetta Construction Co.
Drake-Grafe-Winston-Tecon-Conduit
Cos.
Andrew Gull Corp.
Hendrickson Bros.
Hoffman & Elias, Inc.
Horn Construction Co., Inc.
Johnson, Drake & Piper
MacLean, Grove & Brewster
Frank Mascoli.

Merritt-Chapman & Scott Corp.
John Peterson Construction Co.
Poirier & McLane.
Raymond Concrete Pile.
Slattery Contracting Co., Inc.
Frederick Snare Corp.
Underpinning Foundation Co.
Charles F. Vacharis.
Walsh, Connelly, Singer & Palmer Co.
Walsh Construction Co.

Mr. KENNEDY. I notice that of the 19 companies, they are all construction companies.

Mr. WEISS. Yes, sir.

Mr. KENNEDY. It was understood by you that Mr. Johnson, as a Carpenter Union official, had contracts or his union had contracts with all of these construction companies?

Mr. WEISS. I did not know whether he did or not. I did not know that.

Mr. KENNEDY. Did you understand that to be a fact?

Mr. WEISS. I did not know that.

Mr. KENNEDY. You knew that construction companies had contracts with the Carpenters Union?

Mr. WEISS. Some of these construction companies, I believe, had.

Mr. KENNEDY. What was the procedure that was followed as far as Mr. Johnson was concerned? Would he telephone the officer, the president, or another officer, of one of these construction companies, and tell them about your company?

Mr. WEISS. I don't know what his procedure was. I do know that he would say that we would hear of a job, because they are all published in public records, we would hear of a low bidder on a job, and we would call Mr. Johnson and tell him such and such company was low bidder on the job, and if he knew them he would call and we would get a message back that we could go in to see them and submit a proposal to them.

Mr. KENNEDY. If you didn't have that telephone arrangement made by Mr. Johnson, you couldn't have submitted a bid?

Mr. WEISS. Most of these construction companies have a very limited invited list of bidders and we have never been able to submit successful proposals to them.

Mr. KENNEDY. Successful, did you say? You had been in business since 1940, had you not?

Mr. WEISS. Yes.

Mr. KENNEDY. And you had some business with a good number of these companies, had you not?

Mr. WEISS. I believe, to the best of my knowledge, with only one of these companies.

Mr. KENNEDY. What company was that?

Mr. WEISS. Merritt-Chapman & Scott.

Mr. KENNEDY. The name of Merritt-Chapman & Scott is on this list. What did he do for you in the case of Merritt-Chapman & Scott?

Mr. WEISS. We did business with Merritt-Chapman & Scott when they were in a joint venture with J. A. Fuller Co. constructing the Naval Base at Quonset, R.I. I had a friend of mine who was very friendly with the officers there, and through him we submitted a proposal and we were successful bidders and supplied that project with their lubricating oils and greases. Subsequent to that, for a period of years, we were never able to sell Merritt-Chapman & Scott again.

Mr. KENNEDY. What did Charlie Johnson do for you in that case?

Mr. WEISS. When he started with us, he introduced us to people there on the first job that they had, and we submitted a proposal on the job.

Mr. KENNEDY. You already knew Merritt-Chapman & Scott.

Mr. WEISS. This was a totally different group that were in control at that time.

Mr. KENNEDY. Do you mean a construction company would not take a bid from a company such as yours, that could submit a low bid and which was a reputable company for a period of some 10 years?

Mr. WEISS. The gasoline and oil business is a very minor part of the operation of any of these construction jobs, and receives practically no consideration.

Mr. KENNEDY. You are not answering my question, Mr. Weiss. I asked you if you meant to tell the committee that a contractor, a construction company, would not accept a bid from a company such as yours that had been in business some 10 years without being introduced by an official of the Carpenters Union.

Mr. WEISS. Being an official of the Carpenters Union was not an essential. If they were friendly they would have accepted the bid. If they were not, they would not have accepted it.

Mr. KENNEDY. Even if you were the low bidder; is that correct?

Mr. WEISS. Yes.

Mr. KENNEDY. They would not accept your bid?

Mr. WEISS. Definitely.

Mr. KENNEDY. Even though, for instance, you had done business with one of these companies, at least, for over a period of some 10 years?

Mr. WEISS. Once again, Mr. Kennedy, the oil business is a very minor part of their operation. They usually get operating with one company. They don't listen to proposals or prices from another company, and they go for a period of a great many years in just buying their products from one company.

When a new job comes up, the other companies—someone in their organization just calls up and says, "We have another job; put in your tanks and go ahead and proceed."

Mr. KENNEDY. So they do not have it on the basis of bids?

Mr. WEISS. All the major companies submit proposals. They all send their men in to try to sell these jobs and somehow or other they are never successful. They generally go to the same supplier.

Mr. KENNEDY. If that is the case, Mr. Charlie Johnson as an official of the Carpenters Union could perform a major service for your company, because if it is based on friendship that these contracts are awarded, then the contract could be awarded to your company, even though it might not be the low bidder.

Mr. WEISS. This I wouldn't know. This is a policy of the company to determine. We submit the proposals. We submit the best price we can on every project. We hope to get every one of them. We do not.

Mr. KENNEDY. You explained the whole procedure just a minute ago. You said that you did know.

So these construction companies do not accept bids from anybody; is that correct?

Mr. WEISS. I am speaking of only the net results. What they do in their practice I would have no way of knowing.

Mr. KENNEDY. The fact is they do not pay any attention to it, they just award the contract to whomever seems fit?

Mr. WEISS. From sitting on the outside, this seems to be the procedure. I cannot tell you.

Mr. KENNEDY. How did you arrange for the commissions to be paid to Mr. Johnson? How did you figure out the commissions to be paid?

Mr. WEISS. At the end of each month, I would take the volume of business done, take the costs, the various expenses involved in it, the difference was the net profit, and he would get a check for 50 percent of that.

Mr. KENNEDY. If he introduced you, for instance, to the Corbetta Construction Co. of New York City, from then on did he receive 50 percent of the profits of all of the work that you did for the Corbetta Construction Co.?

Mr. WEISS. Whatever business we did, the same as any of our other salesmen. If any of our salesmen sell anyone, that is their account, until such time as they are no longer with us, and they receive their commissions.

Mr. KENNEDY. The same thing for Merritt-Chapman & Scott?

Mr. WEISS. Correct.

Mr. KENNEDY. The same thing for Raymond Concrete Pile Co.?

Mr. WEISS. Correct.

Mr. KENNEDY. The Walsh, Connelly, Singer & Palmer Co., all of those companies, that would be the arrangement?

Mr. WEISS. Yes, sir; it is a very normal one.

Mr. KENNEDY. Where would you receive your oil and gasoline that you would sell to these construction companies?

Mr. WEISS. We are jobbers in the oil business. We receive it from a great many sources, depending entirely upon the location of the job and the availability of supply. We have no one supplier.

Mr. KENNEDY. For instance, would you receive your oil and gasoline from the Shell Oil Co.?

Mr. WEISS. We receive some of it from them.

Mr. KENNEDY. And then you in turn would sell it to the construction company?

Mr. WEISS. Correct, sir.

Mr. KENNEDY. Wouldn't it often happen that the Shell Oil Co. would place a bid with the construction company themselves?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. So Shell Oil Co. would place a bid with say, the Merritt-Chapman & Scott, and you would also place a bid?

Mr. WEISS. We never placed a bid—that is true, but we never placed a bid under Shell Oil Co. products. We have our own brand names and we place a bid under our own brand names.

Mr. KENNEDY. I understand. But could you tell the committee how it could be that where you have to receive your gasoline products from a company such as the Shell Oil Co., and the Shell Oil Co. is bidding on a job, how you could possibly go lower than they?

Mr. WEISS. We are jobbers in the oil business and there is also a margin between what a commercial consumer can purchase and what a jobber purchases.

Mr. KENNEDY. That would be on oils and grease. But that would not be necessarily true on gasoline and diesel, is it?

Mr. WEISS. It is true in gasoline and diesel.

Mr. KENNEDY. On every case of gasoline and diesel fuel, you receive jobber prices?

Mr. WEISS. In some places we received lower than jobber prices.

Mr. KENNEDY. But did you always receive a lower price than a construction company could purchase the gasoline and oil for?

Mr. WEISS. I have no knowledge of what the construction company receives. We always received a lower price than what we sold it for. We always made a profit.

Mr. KENNEDY. I understand that you would always make a profit on it. According to our investigation, these oil companies, on gasoline and diesel fuel, would be placing a bid in competition with you. In that case, they would not grant a special price when they were selling it to you.

Mr. WEISS. That, in practice, is not true. We never go to an oil company prior to placing a bid and get a commitment from them. When we are successful bidders on a job and we have the job, we then go to the various oil companies and we then make our deal.

Mr. KENNEDY. How could it be that a construction company could ever grant a contract to you when they could get the oil and gasoline, the diesel fuel and gasoline, directly from the big oil company at a cheaper price?

Mr. WEISS. They couldn't necessarily get it at a cheaper price.

Mr. KENNEDY. Why were they going through a middleman or a third party?

Mr. WEISS. This is general practice in the industry, sir.

Mr. KENNEDY. What other company is there similar to yours in the cases of gasoline and diesel fuel?

Mr. WEISS. Probably 10,000 in the country.

Mr. KENNEDY. Tell us one other company that makes the same kind of bids that you do with some of these construction companies.

Mr. WEISS. Well, the Fisher-Hill Oil Co., Andy's Service Station. I could go on and get you a list in the National Petroleum News and give you a list.

Mr. KENNEDY. I am talking about major construction projects, where they will have the competition of a large oil company such as Shell.

Mr. WEISS. I am speaking of exactly the same type. Jobbers submit proposals on all jobs. There are no jobs in the gasoline and oil business that are too big or too small. Once you put the tanks in, it is just a question of delivery of products and this is usually done by outside carrier.

Mr. KENNEDY. If Shell Oil, for instance, wanted to place a bid for work for the Fredrick Snare Corp. of New York City, they would place a bid at the lowest possible price. Why would they put a bid in, have you gone a little underneath them on a bid, and have you in turn purchased your oil and gasoline from them?

Mr. WEISS. At the time they place the proposal and we place the proposal, they don't know whether we are going to do business with them or do business with someone else. The two of them have no relationship with each other at all. If we are successful bidders, we go out into the market and try to buy the products at the best price we can. It may be from Shell, it may be from a half dozen other people. We have no definite commitments anywhere.

Mr. KENNEDY. Tell me this: How many times have you successfully competed with a major oil company in this kind of situation?

Mr. WEISS. How many times?

Mr. KENNEDY. That is, based on price alone.

Mr. WEISS. I would assume that based on price and service, and service is a very essential part—

Mr. KENNEDY. We will go into that question of services, but I am talking about price.

How many times have you successfully competed with a major company based on price alone?

Mr. WEISS. To my knowledge every time we have been successful bidders.

Mr. KENNEDY. That is separate and apart from servicing? I am talking just about price, not including servicing of any kind.

Mr. WEISS. To my knowledge, every time we are successful bidders. I have no knowledge and I have no particular interest, once we get a job, to find out what somebody else bid.

Mr. KENNEDY. Do you offer service on these construction jobs?

Mr. WEISS. Today, essentially that is our main business.

Mr. KENNEDY. Servicing. Do you offer servicing on every job?

Mr. WEISS. On every job that lends itself to that type of service. Some projects do and some do not.

Mr. KENNEDY. Let me ask you this, Mr. Weiss: Prior to the time that Mr. Johnson came into the picture, were you able to sell diesel fuel and gasoline?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Were you able to sell in the New York area, diesel fuel and gasoline, prior to Mr. Johnson coming into the picture?

Mr. WEISS. We didn't operate in the New York area at that time.

Mr. KENNEDY. Why, then, was it necessary if you could sell gasoline and diesel fuel on a competitive basis, why was it necessary to bring Charlie Johnson into the picture?

Mr. WEISS. Because we wanted an entry into these accounts and an opportunity to submit proposals.

Mr. KENNEDY. If your company had been in existence for some 10 years, Mr. Weiss, and had been successful, and had done work for large construction companies in one section of the country and you are able then to come in and offer a competitor's low price, certainly the construction companies would have taken your bid, you didn't need Charlie Johnson.

Mr. WEISS. That was not our experience.

Mr. KENNEDY. You had not been successful?

Mr. WEISS. We had not been successful.

Mr. KENNEDY. When Charlie Johnson came into the picture, you found you were successful?

Mr. WEISS. We obtained many contracts.

Mr. KENNEDY. That is not what you answered at the beginning. After Charlie Johnson came into the picture you were able to obtain these contracts?

Mr. WEISS. Definitely.

Mr. KENNEDY. Prior to his being there, you were not able to?

Mr. WEISS. We were not operating in that market, and we didn't solicit these particular accounts.

Mr. KENNEDY. Why bring Charlie Johnson in if you had not tried to do it without him?

Mr. WEISS. Because we knew enough about the oil business, I had been in it for 30 years, and now it could not be accomplished without some kind of a contract in to see the people.

Mr. KENNEDY. It is not a question of the competition, then, but it is a choice of the contractor?

Mr. WEISS. The question of competition is one for the construction company to decide and not for us to.

Mr. KENNEDY. But you know as a practical matter, evidently from your answers, anyway, that it is not a question of low bid, but it is a question of who the contractor likes?

Mr. WEISS. I think it is a combination of both. We always try to be low bidders.

Mr. KENNEDY. I understand that. But you also testified before the committee that it is a question of whom the contractor wants on the job.

Mr. WEISS. Very definitely.

Mr. KENNEDY. Then we have the picture, No. 1, that in these kinds of contracts it is a question of not so much who is the low bidder, but to whom the contractor wants to give the job; that is your testimony; and, No. 2, that you were not able to get the jobs prior to Charlie Johnson coming to work for you; and, No. 3, that you were able to get the jobs after he came to work for you.

Mr. WEISS. I think there are several irrelevancies there.

Number one, we assumed that wherever we are successful bidders, that we have been the low bidder on the project.

Mr. KENNEDY. Mr. Weiss, I am taking it from your own testimony. You testified here, and I did not make the statement, but you testified here before the committee, that this was a question of who he contractor wanted to give the contract to; that it was not a question of low bidding. You said that was the practice in this trade. That is your testimony.

Well, go ahead.

Mr. WEISS. I have nothing further to say.

Mr. KENNEDY. Mr. Chairman, we will have some other witnesses on these matters.

Mr. Chairman, I have some affidavits here.

The CHAIRMAN. Are you through with this witness?

Mr. KENNEDY. For now.

The CHAIRMAN. We have an affidavit from Mr. William L. Streukens, a salesman of the Christenson Oil Co. The affidavit is dated the 15th day of May 1958. This affidavit may be printed in the record at this point. You may read the pertinent part.

Mr. KENNEDY. Is Mr. Manny Weiss another brother?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Mr. Manny Weiss is also a salesman for the company?

Mr. WEISS. Yes, sir.

Mr. KENNEDY. Mr. Tierney, would you read the pertinent parts of that affidavit?

Mr. TIERNEY. Mr. Streukens is manager of the Christenson Oil Co. plant in Portland, Oreg. On one occasion this affidavit relates to a conversation that Mr. Streukens had with Mr. Emanuel Weiss in 1953 during that time. The affidavit reads:

One day in 1953 I asked Manny Weiss how he was able to obtain contractor business which we (Christenson Oil Co.) had solicited and had been unable to obtain even at lower prices.

Manny Weiss told me that he would go out to the construction site with a union official and talk to the boss on the job or the foreman about purchasing greases and gear oil from his firm. He said that if needed the union could apply the pressure on the company's labor relations with the union. I do not know what union officials were involved nor do I know to what union they belonged.

(The affidavit referred to is as follows:)

AFFIDAVIT

COUNTY OF MULTNOMAH,

State of Oregon, ss:

I, William L. Streukens, salesman, Christenson Oil Co., 3821 Northwest St. Helens Road, Portland, Oreg., hereby make the following voluntary statement:

I was manager of the Christenson Oil Co. plant, 3039 Commodore Way, Seattle 99, Wash., from March 1951 to May 1953, the entire period of its existence.

One day in 1953, I asked Manny Weiss how he was able to obtain contractor business which we (Christenson Oil Co.) had solicited and had been unable to obtain even at lower prices.

Manny Weiss told me that he would go out to the construction site with a union official and talk to the boss on the job or the foreman about purchasing greases and gear oil from his firm. He said that if needed the union could apply the pressure on the company's labor relations with the union. I do not know what union officials were involved nor do I know to what union they belonged.

I do not know a Frank M. Chapman. I have never heard of his name mentioned by the Weisses. I do not know of a Harvey Bernhard, care of the Nettleton Garage, Ninth and Madison, Seattle, Wash., even though I have been told that he submitted purchase orders to our Portland, Oreg., office for Penn Products Co.

I have read the foregoing statement, consisting of two pages, and it is true and correct to the best of my knowledge and belief.

WILLIAM L. STREUKENS.

Subscribed and sworn to before me, John P. Colman, an investigator, U.S. General Accounting Office, under authority of section 297, Revised Statutes, as amended by section 304 and 311(e) of the Budget and Accounting Act, 1921, this 15th day of May 1958, at Portland, Oreg.

JOHN P. COLMAN,

Investigator, U.S. General Accounting Office, Seattle, Wash.

Mr. KENNEDY. Mr. Chairman, we have another affidavit.

The CHAIRMAN. This is an affidavit from Mr. Carl Theodore Christenson, Jr., manager of Christenson Oil Co., dated the 15th day of May 1958. This affidavit may be printed in the record at this point. Counsel may read excerpts from it.

Mr. TIERNEY. This affidavit of Carl Theodore Christenson, Jr.—by the way, Penn Products Co. did business with the Christenson Oil Co.

The pertinent part of this reads as follows:

One day at luncheon I asked Manny Weiss how the company could operate so far away from the home office and expect to get business from large construction jobs against such competition as the major oil companies with their better service and price. His answer was that he had good union support. Whether the union was financially involved I do not know, because Manny did not tell me anything more.

(The affidavit referred to is as follows:)

AFFIDAVIT

COUNTY OF MULTNOMAH,

State of Oregon, ss:

I, Carl Theodore Christenson, Jr., manager, Christenson Oil Co., 3821 Northwest St. Helens Road, Portland, Oreg., hereby make the following voluntary statements:

The Christenson Oil Co. was established in 1932 by my father, who was the sole owner. In 1945 he sold the company to Mr. Phil L. Polsky, who operated it until his death on December 31, 1956. The name of the company has never been changed.

I have been employed by the company since 1932, except while in the maritime service from 1943 to 1945. Prior to December 31, 1956, I was the sales manager for the company.

The Christenson Oil Co. blends, compounds, and packages motor oils and greases. The company is known in the industry as an independent packager and compounder.

In 1953 Mr. Polsky was contacted by two brothers, Edward and Emanuel Weiss, of the Penn Products Co. Emanuel was known as Manny. Later I was introduced to Manny and thereafter I had several contacts with him.

My understanding of the business arrangement entered into between Christenson Oil Co. and Penn Products Co. was that it would send us purchase orders or call and place an order. We would ship the orders for oils and grease under

the labels of Penn Products Co. to designated accounts, and bill Penn Products Co. I think all freight was prepaid and billed to Penn Products Co. It paid us once a month.

One day at luncheon I asked Manny Weiss how the company could operate so far away from the home office and expect to get business from large construction jobs against such competition as the major oil companies with their better service and price. His answer was that he had good union support. Whether the union was financially involved I do not know, because Manny did not tell me anything more.

The correspondence in the files refers to attempts to secure Government contracts; however, to my knowledge we were never successful in getting a Government contract. To my knowledge there never was any joint or special bank account established by the Christenson Oil Co. in either Oregon, Washington, or any other State, as a clearing account even though the correspondence files suggested that this be done. To my knowledge Christenson Oil Co. had no other business transactions except as shown on the ledger cards which cover the period from February 27, 1953, to January 29, 1954.

Neither of the Weisses ever mentioned the name of Frank M. Chapman nor do I know a Frank M. Chapman.

I think the reason the business relationship ended was because Manny Weiss was called back East to work. Penn Products Co. business had not proven satisfactory.

My understanding was that Penn Products Co. bought from other companies also. In the East it bought products from the Shell Oil Co. or a distributor of Shell products. After it stopped doing business with us, one of the Weisses asked us to send the stencils to Continental Oil Co., Butte, Mont., attention: Mr. Willis Johnson, which we did on March 22, 1955.

In regard to the two invoices, No. 57454, dated March 11, 1953, and No. 62716, dated June 26, 1953, relating to the sale of oil and lubricants to Pope & Talbot, Inc., the price charged Penn Products Co. for these items was the standard price that we charged all jobbers. Our consumer prices were higher. Our barrel price on oil to a consumer at that time was 85 cents per gallon and lubricants were 13 cents per pound. These consumer prices would have been the same for the entire period from February 1953 through January 1954. Our prices during this period would have been about 10 percent lower than the major oil companies for comparable items. We did not know what Penn Products was charging their customers for the oil and lubricants. It did not seem strange to me that practically all the sales were made to construction companies because the Weisses said they specialized in sales to construction companies.

I have read the foregoing statement, consisting of three pages, and it is true and correct to the best of my knowledge and belief.

C. THEODORE CHRISTENSON.

Subscribed and sworn to before me, John P. Colman, an investigator, U.S. General Accounting Office, under authority of section 297, Revised Statutes, as amended by section 304 and 311(e) of the Budget and Accounting Act, 1921, this 15th day of May 1958, at Portland Oreg.

JOHN P. COLMAN,

Investigator, U.S. General Accounting Office, Seattle, Wash.

Mr. KENNEDY. Did you have any other union officials as salesmen for you?

Mr. WEISS. From time to time.

Mr. KENNEDY. Who else did you have?

Mr. WEISS. I think Mr. Blair.

Mr. KENNEDY. What is his position?

Mr. WEISS. Mr. Blair at that time represented the Carpenters in Philadelphia. I don't know what his official position was.

Mr. KENNEDY. What is his position at the present time in the Carpenters Union?

Mr. WEISS. In Indianapolis. I believe he is an official of the Carpenters Union. I do not know.

Mr. KENNEDY. He is a members of the general executive board of the Carpenters Union?

Mr. WEISS. This I do not know.

Mr. KENNEDY. Did he receive compensation from your company?

Mr. WEISS. Yes; he did.

Mr. KENNEDY. As a salesman?

Mr. WEISS. Yes; he did.

Mr. KENNEDY. Did you have anybody else as a union official selling oil for you?

Mr. WEISS. I don't recall any.

Mr. KENNEDY. Did you have Mr. Frank Chapman?

Mr. WEISS. I met Mr. Frank Chapman. I don't believe Mr. Frank Chapman ever received any compensation.

Mr. KENNEDY. Did Mr. Frank Chapman try to sell some oil for you on the west coast?

Mr. WEISS. He may have. That was a great many years ago.

Mr. KENNEDY. Don't you know that to be a fact?

Mr. WEISS. I don't recall.

Mr. KENNEDY. You do not remember that at all? When I talked to you yesterday you remembered something about it.

Mr. WEISS. I said I remember meeting Frank Chapman when I was out in Seattle and established our thing there.

Mr. KENNEDY. Did you make an arrangement with him at that time that he should sell oil for you?

Mr. WEISS. I think Mr. Johnson had spoken to him, but to my knowledge I don't know whether he ever sold any oil for us or not.

Mr. KENNEDY. Mr. Frank Chapman at this time was treasurer of the International Union of Carpenters?

Mr. WEISS. I don't know that.

Mr. KENNEDY. We have an affidavit, Mr. Chairman, which bears on Mr. Frank Chapman trying to sell oil for the Penn Oil Co.

The CHAIRMAN. This affidavit is from Mr. Hillman Lueddemann, vice president and general manager, lumber division and Puget Mill division, vice president and Northwest manager, steamship division, Pope & Talbot, Inc. It is dated the 13th day of May 1958.

It may be printed in the record at this point. Counsel may read excerpts from it.

Mr. KENNEDY. This is from Mr. Hillman Lueddemann, vice president and general manager of the lumber division of Pope & Talbot, Portland, Oreg. He states, in talking about Mr. Frank Chapman:

Mr. Chapman contacted me about December 15, 1952, and introduced me to E. H. Weiss of Penn Products Co., Somerville, Mass.

That is you, is it not?

Mr. WEISS. E. H.? That is me. I don't recall the meeting. It could be E. A. I don't recall.

Mr. TIERNEY. The affidavit goes on:

Chapman said that Mr. Weiss wanted to break into the market in this area, and that he had offered to help Mr. Weiss by introducing him to his (Chapman's) friends in the lumber business. Chapman said, "I will tell you frankly that I am getting a commission; can you see anything wrong with that?" I said that as far as the commission is concerned, that is between you and Mr. Weiss, but if I were in your position, I would get an approval from my employer. He made no answer to me in regard to this matter.

I explained that we were pretty well tied to the big oil companies on a reciprocal basis because they (the oil companies) shipped oil in our vessels. Chapman said that you don't have to give them all of your business, do you? I said that we don't have to give them anything unless we choose to do so.

Mr. Weiss then gave me a sales talk about his products. I called in our purchasing agent, B. E. Hearn, and said that all things being equal, to give them a small trial order. Mr. Weiss visited Mr. Hearn several times. On February 24, 1953, he gave Weiss a small order (Penn Products Co. invoice No. 7646), and on June 26, 1953, he gave Weiss a second order (Penn Products invoice No. 8474).

Sometime later, Mr. Chapman telephoned me and said that you are not doing much for my friend, Mr. Weiss. I said that we gave him two orders. He said that is a drop in the bucket compared to what we could give him.

(The affidavit referred to follows:)

AFFIDAVIT

COUNTY OF MULTNOMAH,
State of Oregon, ss:

I, Hillman Lueddemann, vice president and general manager, lumber division and Puget Mill division, and vice president and Northwest manager, steamship division, Pope & Talbot, Inc., Portland, Oreg., hereby make the following voluntary statement:

Mr. Chapman contacted me about December 15, 1952, and introduced me to E. H. Weiss of Penn Products Co., Somerville, Mass. Chapman said that Mr. Weiss wanted to break into the market in this area, and that he had offered to help Mr. Weiss by introducing him to his (Chapman's) friends in the lumber business. Chapman said, "I will tell you frankly that I am getting a commission: can you see anything wrong with that?" I said that as far as the commission is concerned, that is between you and Mr. Weiss, but if I were in your position, I would get an approval from my employer. He made no answer to me in regard to this matter.

I explained that we were pretty well tied to the big oil companies on a reciprocal basis because they (the oil companies) shipped oil in our vessels. Chapman said that you don't have to give them all of your business, do you? I said that we don't have to give them anything unless we choose to do so.

Mr. Weiss then gave me a sales talk about his products. I called in our purchasing agent, B. E. Hearn, and said that all things being equal, to give them a small trial order. Mr. Weiss visited Mr. Hearn several times. On February 24, 1953, he gave Weiss a small order (Penn Products Co. invoice No. 7646), and on June 26, 1953, he gave Weiss a second order (Penn Products Co. invoice No. 8474).

Sometime later, Mr. Chapman telephoned me and said that you are not doing much for my friend, Mr. Weiss. I said that we gave him two orders. He said that is a drop in the bucket compared to what we could give him. Our total volume of oil purchases for the year 1953 for all three mills and the wood preserving plant was \$175,000. Chapman's remark riled me and I explained to him about the oil companies which were using our vessels. We were using oil from the Quaker State Oil Co. which was a heavy shipper on our vessels, and we did not wish to discontinue our purchases from them. So I said to Chapman that this is all we can do for you, and I told Mr. Hearn not to give Weiss any more business.

The quality of the oil received from Penn Products Co. was satisfactory.

This was our only dealing with Mr. Weiss and Mr. Chapman on oil purchases.

I have read the foregoing statement, consisting of two pages, and it is true and correct to the best of my knowledge and belief.

HILLMAN LUEDEMANN.

Subscribed and sworn to before me, John P. Colman, an investigator, U.S. General Accounting Office, under authority of section 297, Revised Statutes, as amended by section 304 and 311 (c) of the Budget and Accounting Act, 1921, this 13th day of May 1958, at Portland, Oreg.

JOHN P. COLMAN,
Investigator, U.S. General Accounting Office, Seattle, Wash.

Mr. KENNEDY. You say Mr. Chapman never received a commission?

Mr. WEISS. Not to my knowledge, sir.

Mr. KENNEDY. But Mr. William Blaier did, for the sales that he made?

Mr. WEISS. Yes.

Mr. KENNEDY. I would like to call a witness, Mr. Chairman, showing the amounts of money that were received by Mr. Charlie Johnson and Mr. William Blaier from this company.

The CHAIRMAN. You may stand aside for the present, Mr. Weiss. We will not need you until this afternoon. Will you check with counsel at the noon recess?

Do you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PRINOS. I do.

TESTIMONY OF JOHN PRINOS

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. PRINOS. My name is John Prinos, and I live in New York City. I am an auditor with the General Accounting Office, on loan to the committee since April 1957.

The CHAIRMAN. How long have you been with the General Accounting Office?

Mr. PRINOS. Since June of 1956.

The CHAIRMAN. That is 2½ years?

Mr. PRINOS. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Could you tell the committee what the total commissions and expenses were that Mr. Charlie Johnson has received from the Mercury Oil Co., and from the Penn Products Corp?

Mr. PRINOS. Yes. Mr. Johnson, Jr., received a total of \$96,572 from the two companies from May of 1950 to November of 1957.

Mr. KENNEDY. Now, in November of 1957, he broke off his relationship with the company?

Mr. PRINOS. Yes, sir.

Mr. KENNEDY. And that was shortly after Mr. Charlie Johnson's books and records were subpoenaed and he was interviewed; is that correct?

Mr. PRINOS. Yes, sir.

Mr. KENNEDY. How much of that was commissions and how much for expenses?

Mr. PRINOS. With Penn Products Corp., if you want each company, there was a total of \$50,000 commissions.

The CHAIRMAN. That is \$50,050 as commissions?

Mr. PRINOS. Yes, sir, and \$10,095.60 in expenses.

The CHAIRMAN. Let me get that down. What year was this?

Mr. PRINOS. That is from 1950 to 1957.

The CHAIRMAN. From 1950 to 1957?

Mr. PRINOS. Yes, sir.

The CHAIRMAN. All right. It was \$50,050 commission, and that was from Penn Products Corp.

Mr. PRINOS. Penn Products Corp., yes.

The CHAIRMAN. And \$10,095.60 as expenses?

Mr. PRINOS. That is right.

Mr. KENNEDY. How much was it from Mercury Oil?

Mr. PRINOS. Commissions amounted to \$30,180.37, and expenses were \$6,246.03.

Mr. KENNEDY. How much did Mr. O. William Blaier receive?

Mr. PRINOS. Mr. Blaier received from Mercury Oil Co., from July 1951 to August of 1953, a total of \$8,752.82 in commissions.

The CHAIRMAN. That is commissions?

Mr. PRINOS. Yes; and expenses were \$2,610.25.

Mr. KENNEDY. Do we find Mr. Chapman received anything?

Mr. PRINOS. No.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Do you have the total gross sales of those companies that he received commissions on?

Mr. PRINOS. Yes. Of the 19 companies, from 1949 to 1957, the gross sales amounted to \$3,782,263.25.

Mr. KENNEDY. Thank you.

I just have one other witness and he will be relatively short.

Mr. Martin, will you come forward, please.

The CHAIRMAN. Will you be sworn.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARTIN. I do.

TESTIMONY OF JAMES P. MARTIN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MARTIN. My name is James P. Martin, and I reside at 5 Hillcrest Avenue, Larchmont, N.Y., and I am employed by the General Contractors Association of New York, at 341 Madison Avenue, as a director of labor relations.

Mr. KENNEDY. Mr. Chairman, Mr. Martin is being called not because he is involved in this matter at all, but just to give us a background on Mr. Charlie Johnson and the relationship of Charlie Johnson to these companies, and the position of Charlie Johnson in the Carpenters Union.

Now, you are the director of labor relations for the General Contractors Association?

Mr. MARTIN. Yes, sir.

Mr. KENNEDY. The membership of the General Contractors Association does heavy construction; is that correct?

Mr. MARTIN. That is correct.

Mr. KENNEDY. That is construction work on piers, dams, bridges, docks, and things such as that?

Mr. MARTIN. Yes, sir; and we have turned over the list of our membership.

Mr. KENNEDY. And everything other than the work on buildings; is that right?

Mr. MARTIN. That is correct.

Mr. KENNEDY. The employers who do work on buildings are represented by the Building Trades Employers Association?

Mr. MARTIN. That is correct.

Mr. KENNEDY. Now, is the Carpenters Union of great importance to contractors in heavy construction work?

Mr. MARTIN. Yes; they are.

Mr. KENNEDY. They are the piledrivers and the marine divers and the timbermen?

Mr. MARTIN. And include the dock builders, and the divers and timbermen.

Mr. KENNEDY. They are the key workers in heavy construction work?

Mr. MARTIN. Very much so.

Mr. KENNEDY. Now, the contractors who are members of the General Contractors Association elect a negotiating committee; is that correct?

Mr. MARTIN. That is correct.

Mr. KENNEDY. And they conduct the negotiations for a contract?

Mr. MARTIN. That is right.

Mr. KENNEDY. And then it is signed by each individual contractor?

Mr. MARTIN. Unless they authorize me to sign it for them; yes.

Mr. KENNEDY. The principal unions in negotiations conducted are the Hod Carriers and Operating Engineers and the Carpenters?

Mr. MARTIN. That is right.

Mr. KENNEDY. Now, for many years the Carpenters have been represented by Mr. Charlie Johnson, Jr.?

Mr. MARTIN. Well, I forget what year it was, in 1957 he became president of the Carpenters District Council in New York City.

Mr. KENNEDY. He always represented local 1456; is that correct?

Mr. MARTIN. Yes.

Mr. KENNEDY. Which is the most important local of the Carpenters because of its jurisdiction over piledrivers?

Mr. MARTIN. Primarily employed on heavy construction.

Mr. KENNEDY. As far as your group was concerned; is that so?

Mr. MARTIN. Yes.

Mr. KENNEDY. So he has represented them since 1937, and he has been president of all of the carpenters in the New York area since 1957 or 1956?

Mr. MARTIN. I think that that is correct.

Mr. KENNEDY. Now, during the negotiations, your last negotiations in 1957, it was Charlie Johnson who represented the New York District Council of Carpenters?

Mr. MARTIN. Yes, sir.

Mr. KENNEDY. And he did the negotiating with your group; is that right?

Mr. MARTIN. Yes, sir; that is in the combined group, the unions and the heavy construction contractors and the building contractors.

Mr. KENNEDY. The building contractors were brought in during these negotiations?

Mr. MARTIN. The building contractors' offices had much more space than we have, and it was a combined meeting.

Mr. KENNEDY. The two associations were brought in for these negotiations in 1957?

Mr. MARTIN. Yes, sir.

Mr. KENNEDY. And Mr. Charlie Johnson representing the Carpenters Union in those negotiations?

Mr. MARTIN. That is right.

Mr. KENNEDY. And is it not a fact also that he was the chief spokesman for all of the unions that were represented in those negotiations?

Mr. MARTIN. He was the chairman of that group and spoke for them, yes.

Mr. KENNEDY. He is also president of the Concrete Alliance, is he not?

Mr. MARTIN. Yes, sir.

Mr. KENNEDY. Which is the organization which represents the five building trades unions?

Mr. MARTIN. Well, it represented more unions than we dealt with.

Mr. KENNEDY. I would like to give you a list of some companies.

The CHAIRMAN. The Chair hands you for your inspection a list of accounts that has already been printed in the record, and the list of accounts presumably secured by Mr. Johnson for the Penn Products Corp. or the Mercury Co.

Will you examine that list of accounts for the purpose of being interrogated about it?

(A document was handed to the witness.)

Mr. KENNEDY. Out of that list of 19 companies, how many of them are members of your General Contractors Association?

Mr. MARTIN. Sixteen.

Mr. KENNEDY. Sixteen of the nineteen?

Mr. MARTIN. No, it is 16 out of the 18.

Mr. KENNEDY. Sixteen out of those eighteen are represented by your General Contractors Association?

Mr. MARTIN. Yes, sir, and they have membership in the General Contractors Association.

Mr. KENNEDY. That is the group that you describe as having this relationship or having the negotiations with Charlie Johnson?

Mr. MARTIN. We have a good many more than this.

Mr. KENNEDY. I understand that, but the other two companies, from your knowledge, do they have contracts with the Carpenters Union, the two that are not members of your association?

Mr. MARTIN. I wouldn't be able to assure you, but I would suppose Corbetta Construction has, and he is a member of the Building Employers Association. The other one, I don't know.

Mr. KENNEDY. I do not think that we have that information. At least 17 out of the 18 have contracts with the Carpenters Union.

Mr. MARTIN. I would assume that and I know definitely 16 do.

Mr. KENNEDY. You know 16 out of the 18 have, and you believe that the 17th one has?

Mr. MARTIN. Yes, sir.

Mr. KENNEDY. I believe that is all.

The CHAIRMAN. Are there any questions?

All right. Thank you very much. The committee will stand in recess until 2:30 p.m.

(Whereupon, at 12:30 o'clock p.m., the committee recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Church.)

Call your next witness.

Mr. KENNEDY. I will call Mr. Hennessy.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HENNESSY. I do.

**TESTIMONY OF E. W. HENNESSY, ACCOMPANIED BY HIS COUNSEL,
JOHN J. WILSON**

The CHAIRMAN. State your name, your place of residence, and your occupation, please.

Mr. HENNESSY. My name is E. W. Hennessy. I live at 47 Carmen Road, Scarsdale, N.Y. My occupation is I am a district manager for the Shell Oil Co. This territory is all of Queens, the Borough of Queens in New York City, and that territory lying south of 125th Street in Manhattan.

The CHAIRMAN. All right, sir. Do you have counsel?

Counsel, will you identify yourself?

Mr. WILSON. My name is John J. Wilson. I am a Washington lawyer, and my address is 815 15th Street NW.

The CHAIRMAN. Proceed.

Mr. KENNEDY. We have had testimony this morning, Mr. Chairman, that the Penn Products and Mercury Oil Co. had acquired some \$3.7 million worth of business through the efforts and contacts of Mr. Charlie Johnson, Jr. We are now going into several of the cases where the Penn Products Co. was able to get these contracts.

Prior to doing so, Mr. Chairman, I would like to just ask Mr. Charles E. Wolfe, of the committee staff, a question, regarding the \$3.7 million.

The CHAIRMAN. Will you be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth?

Mr. WOLFE. I do.

TESTIMONY OF CHARLES E. WOLFE

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. WOLFE. My name is Charles E. Wolfe. I live in New York City, and I am employed as supervisory investigator in the New York regional office of the General Accounting Office.

The CHAIRMAN. Thank you very much.

How long have you been with the General Accounting Office?

Mr. WOLFE. Twenty-three years.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been working with our committee?

MR. WOLFE. About a year and a half.

MR. KENNEDY. What percentage of all of the business acquired by Penn Products and Mercury Oil was this \$3.7 million that Charlie Johnson brought in?

MR. WOLFE. About 40 percent.

MR. KENNEDY. Forty percent of all of their business was brought in by Mr. Johnson?

MR. WOLFE. Yes.

TESTIMONY OF E. W. HENNESSY—Resumed

MR. KENNEDY. Now, Mr. Hennessy, could you tell us what contacts you had with the Penn Products Co. and Mr. Edward Weiss and when they originated?

MR. HENNESSY. Yes. I was appointed the commercial manager for the Shell Oil Co. in the New York division in late March of 1951. Later that month I met Ed Weiss at the Stacy-Trent Hotel in Trenton. At that time we talked about the new steel plant, the Fairless works on the Delaware River to be constructed.

MR. KENNEDY. Did you then enter into an arrangement with Penn Products to supply them with gasoline, diesel oil, and lubricating oil?

MR. HENNESSY. I did.

MR. KENNEDY. The lubricant you would supply at jobber prices, and diesel oil and the fuel oil would be at regular prices; is that right? Regular prices you would charge construction companies?

MR. HENNESSY. Yes. The prices or the destination prices for delivery to Morrisville were figured on the gasoline side at a discount over the commercial structure while the diesel fuel prices were at the consumer prices at destination.

MR. KENNEDY. Now, when Mr. Weiss first spoke to you about the situation at Morrisville in the Fairless Steel plant, what did he state to you about that contract?

MR. HENNESSY. You mean as to his capacity to deliver the business?

MR. KENNEDY. Yes.

MR. HENNESSY. Yes; he said that he could produce or deliver the business, if we could get together as to prices.

MR. KENNEDY. He said he could get the contract?

MR. HENNESSY. Yes, sir.

MR. KENNEDY. Well now, ordinarily would you have bid on this contract yourselves?

MR. HENNESSY. I doubt it. I doubt it in that particular case.

MR. KENNEDY. Is that because of his statement to you?

MR. HENNESSY. Not necessarily, Mr. Kennedy. Of course I was brandnew at the time, and I doubt if I would have gone to Morrisville to solicit the business.

MR. KENNEDY. Didn't you state to me yesterday that you would have ordinarily bid on a business such as this?

MR. HENNESSY. No, I said this to you yesterday, that we would have quoted the same pricing to the contractor if we had had the opportunity of bidding on the business.

MR. KENNEDY. Then the reason you didn't bid on the business was that Mr. Weiss told you that he already had the business?

MR. HENNESSY. Well, yes, that is right.

Mr. KENNEDY. That is the reason you didn't bid on the business; was it?

Mr. HENNESSY. I think that you said something like this, "Would you have bid on the business if you knew that Weiss had it?" and I said something like this, "No, since we had opened negotiations with Weiss, we would not."

Mr. KENNEDY. I understand that. But the reason that you did not bid on this business was because of Mr. Weiss's assurances to you that he already had the business.

Mr. HENNESSY. I can't say that, Mr. Kennedy.

Mr. KENNEDY. Well, Mr. Weiss came to see you regarding this job. Now, he told you at that time that he was in a position to deliver this business; is that correct?

Mr. HENNESSY. He did.

Mr. KENNEDY. Did you inquire further as to how he was going to be able to deliver the business?

Mr. HENNESSY. I did not.

Mr. KENNEDY. Who was doing the constructing work at this steel plant?

Mr. HENNESSY. Well, it was a joint venture, and the Walsh Construction Co. of Davenport, Iowa, along with S. J. Groves of Minneapolis, Perenni & Sons of Farmington, Mass., and Slattery of New York City.

Mr. KENNEDY. Was the Walsh Construction Co. the one primarily in charge?

Mr. HENNESSY. That is my understanding.

Mr. KENNEDY. Did you inquire of Mr. Weiss what contacts he had with the Walsh Construction Co. that would permit him to be able to deliver this business?

Mr. HENNESSY. I did not.

Mr. KENNEDY. After he assured you that he had the business, you decided not to put a bid in?

Mr. HENNESSY. That is right.

Mr. KENNEDY. If he had not been able to assure you that he had the business, you would have placed a bid?

Mr. HENNESSY. If we had been invited.

Mr. KENNEDY. Well, wouldn't you ordinarily have been invited or are you invited on these matters?

Mr. HENNESSY. Well, you see, as I explained to you yesterday, my company had withdrawn from the Pennsylvania market in the 30's, and we regarded Pennsylvania as sort of a "no man's land" for us, and we could not be competitive with refiners south of Philadelphia. It was only after I had my first discussion with Mr. Weiss that I studied the transportation rates.

Our point of origin was in Jersey, at Sewaren, and I related my transportation costs to Morrisville against those of the South Philadelphia refiners, and I found then that I could be competitive with material moving out of South Philadelphia.

Mr. KENNEDY. Ordinarily, then, everything being equal, you would have placed a bid on this kind of work, if you had not received the assurances from Mr. Phil Weiss?

Mr. HENNESSY. If we had been invited.

Mr. KENNEDY. Was it Mr. Phil Weiss or Mr. Ed Weiss that gave you this information?

Mr. HENNESSY. Ed Weiss.

Mr. KENNEDY. And did you then enter into an arrangement with him for the sale of the oil and the petroleum?

Mr. HENNESSY. For gasoline and diesel fuel and lubricants.

Mr. KENNEDY. If you had made a bid on the job with the Walsh Construction Co., would you have quoted the same prices that you quoted to the Penn Products Co.

Mr. HENNESSY. I would have for gasoline and for diesel fuel.

Mr. KENNEDY. And what would have been different; which aspect of it would have been different?

Mr. HENNESSY. On the lubricant side.

Mr. KENNEDY. You gave him a better price than you would have given the Walsh Construction Co.?

Mr. HENNESSY. I did.

Mr. KENNEDY. So that the Walsh Construction Co. could have purchased these products directly from you?

Mr. HENNESSY. That is right.

Mr. KENNEDY. And they would have received the same price that the Penn Products Co. had except for the lubricants?

Mr. HENNESSY. That is right.

Mr. KENNEDY. You would sell the lubricants to the Penn Products Co. at a cheaper price than you would have sold to the construction company?

Mr. HENNESSY. Yes, sir.

Mr. KENNEDY. That was because they were a jobber; is that right? You would have given it to them at jobbers' prices?

Mr. HENNESSY. We sold them on a jobber structure; that is right.

Mr. KENNEDY. The other prices would have all been the same?

Mr. HENNESSY. The gasoline and the diesel fuel; that is right.

Mr. KENNEDY. At what prices would you have sold the lubricants to the Walsh Construction Co.?

Mr. HENNESSY. There were two products, Shell Rotella Oil and Golden Shell Motor Oil which were the two big items sold there, and if they had bought in full truckloads as did Penn Products, the prices there for the Rotella grade would have been 53 cents a gallon and the Golden Shell grade would have been 46 cents a gallon.

Mr. KENNEDY. Did you inquire further into how Mr. Weiss could have the assurances that he would be able to get this contract with the Walsh Construction Co.?

Mr. HENNESSY. I did not.

Mr. KENNEDY. Did you know at that time of the connection of Charlie Johnson with the Penn Products Co.?

Mr. HENNESSY. I did not.

Mr. KENNEDY. Didn't it interest you that somebody such as this company could come in and discuss this matter with you and say they would be able to deliver this contract?

Mr. HENNESSY. I was curious about it; yes, I was.

Mr. KENNEDY. Did you inquire further into it?

Mr. HENNESSY. No, I didn't, in that connection. We made the usual checks for credit purposes, and the credit seemed to be satisfactory, the credit status.

Mr. KENNEDY. Does that happen very often, that a company will be able to come in and say, "We are going to be able to deliver this contract"?

Mr. HENNESSY. It is rather unusual.

Mr. KENNEDY. You never received even a request for a bid from the Walsh Construction Co.?

Mr. HENNESSY. Well, usually, Mr. Kennedy, it works the other way around. We usually go out after the contractor.

Mr. KENNEDY. Why didn't you go out after the contractor in this case?

Mr. HENNESSY. Well, in this case, as—perhaps I didn't make it clear. We regarded that territory as an area where we wouldn't be competitive.

Mr. KENNEDY. But you found out after you figured these prices out that you could be competitive.

Mr. HENNESSY. Well, I think at that time we had opened negotiations with Mr. Weiss, and we regarded him as a customer.

Mr. KENNEDY. But you had given him no assurances until after you figured out what your bid was going to be. Why didn't you submit the bid directly to the Walsh Construction Co.?

Mr. HENNESSY. Well, of course, I had opened negotiations with Mr. Weiss at that time.

Mr. KENNEDY. There couldn't have been very many negotiations because you didn't even know you would be able to do any work down there. You had to figure out what the price was going to be first. Once you found out by comparing with other companies that you could be competitive, why didn't you submit a bid right to the Walsh Construction Co.?

Mr. HENNESSY. Well, I suppose we could have gone to Walsh.

Mr. KENNEDY. It seems to me that Mr. Weiss must have said something beyond the fact that, "We are certain we are going to get this contract," that you would enter into this arrangement with him without even inquiring further to find out how this man was going to be able to deliver the contract to this large construction program.

Mr. HENNESSY. Well, I took him at his word. He was a brand new contact as far as I was concerned. I was getting my pricing and, candidly, I was, as an individual, willing to let it go at that.

Mr. KENNEDY. Did you know there was a union official associated with this company?

Mr. HENNESSY. No, I didn't.

Mr. KENNEDY. Did you learn that subsequently?

Mr. HENNESSY. I did.

Mr. KENNEDY. When did you learn that?

Mr. HENNESSY. Last summer. You must remember, as far as I am concerned, I was removed from this work about 9 months later and went into an entirely different field for this company, so I was disassociated with—

Mr. KENNEDY. You did not know him during that period?

Mr. HENNESSY. I did not.

Mr. KENNEDY. He, then, gave it to you in very definite and strong fashion, that he would be able to deliver this contract?

Mr. HENNESSY. Well, he assured me that he could get it.

Mr. KENNEDY. He was at least able to convince you?

Mr. HENNESSY. Yes. I must say this, however, on the fuel side, for gasoline and diesel fuel, there was some question as to whether he could get the lubricants business or not, and I recall bringing an engineer into the jobsite and we talked to some operating employees of Walsh and we sold them on the quality of our product and we started to make deliveries.

Mr. KENNEDY. What did you do? You make this arrangement with him and then what did you do with the oil? Did you deliver it to Penn Products?

Mr. HENNESSY. Yes. We installed large bulk storage tanks on the site of the works.

Mr. KENNEDY. Did you deliver to Penn Products or did you deliver right to the job?

Mr. HENNESSY. We delivered to the jobsite.

Mr. KENNEDY. So that the oil went directly from your tanks to the tanks at Morrisville?

Mr. HENNESSY. That is right.

Mr. KENNEDY. To the Walsh Construction Co.?

Mr. HENNESSY. That is right.

Mr. KENNEDY. Then the only thing that Penn Products handled was some paperwork?

Mr. HENNESSY. We invoiced—yes, we invoiced Penn Products.

Mr. KENNEDY. You invoiced them and delivered it to the jobsite?

Mr. HENNESSY. To the jobsite; yes.

Mr. KENNEDY. You performed all the services. They just were the middleman and did some paperwork?

Mr. HENNESSY. We delivered the product at destination; yes.

Mr. KENNEDY. Was it delivered in Shell tanks or Shell trucks?

Mr. HENNESSY. No. The diesel fuel and the gasoline was delivered by a company, E. Brook Matlack. That was the oil transporter for the bulk, and the Schine's Express Co., of Trenton, delivered the lubricating oil.

Mr. KENNEDY. Were the storage tanks there your storage tanks?

Mr. HENNESSY. We installed them; yes.

Mr. KENNEDY. They were Shell storage tanks?

Mr. HENNESSY. They were ours. They were on loan.

Mr. KENNEDY. They were marked "Shell Storage Tanks"?

Mr. HENNESSY. There is no identification on them. They are just 4,000-gallon black tanks.

Mr. KENNEDY. But they were yours?

Mr. HENNESSY. They were ours.

Mr. KENNEDY. How was it arranged so far as the delivery slip? Did you show that it was delivered by you people?

Mr. HENNESSY. Yes. As I recall the operation, and I may not be exactly right, but it was about like this: We had a supply of Penn Products delivery slips, and a copy of that delivery slip or a set of the slips would be signed on the jobsite, and that would show evidence of the delivery of the product.

Mr. KENNEDY. So you would deliver your oil to your tanks and give the Walsh Construction Co.—

Mr. HENNESSY. That slip and we would get a signature from them and then we in turn would invoice Penn Products.

Mr. KENNEDY. Was that done on the instructions of the Penn Products Co., that you use their slips?

Mr. HENNESSY. Yes; that was.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further? If not, you may stand aside.

Mr. KENNEDY. I would like now, Mr. Chairman, to call Mr. Wolfe, who made a comparison of the prices, to show what Walsh Construction Co. could have purchased this for.

The CHAIRMAN. You have been previously sworn, Mr. Wolfe?

Mr. WOLFE. Yes.

TESTIMONY OF CHARLES E. WOLFE—Resumed

Mr. KENNEDY. Mr. Wolfe, you have made a study as to what price the Shell Oil Co. charged Penn Products and what Penn Products charged Walsh Construction Co.?

Mr. WOLFE. Yes; I have.

Mr. KENNEDY. Would you tell us what those figures reveal?

Mr. WOLFE. You would like the like the unit prices?

Mr. KENNEDY. Tell us what the differential was and what the savings to Walsh Construction Co. would have been if they had purchased it directly.

Mr. WOLFE. Do you want totals or byproducts?

Mr. KENNEDY. Give me a total first.

Mr. WOLFE. On Shell products, diesel fuel, gasoline, and motor oil, the Walsh cost was \$544,726.52. They could have purchased it directly from Shell at a cost of \$494,871.96. In other words, they could have saved \$49,834.56.

The CHAIRMAN. \$49,000 what?

Mr. WOLFE. \$49,834.56.

The CHAIRMAN. In other words, if the contractor had bought these products direct from the Shell Oil Co. instead of buying it through Penn Products Co., they would have saved \$49,834, or approximately \$50,000 in round numbers?

Mr. WOLFE. That is correct.

The CHAIRMAN. In other words, out of a transaction of \$550,000, \$50,000 of it was unnecessary expense?

Mr. WOLFE. That is right.

Mr. KENNEDY. Was there another savings?

Mr. WOLFE. Yes. In addition, Penn Products furnished to Walsh other quantities of diesel fuel, gasoline, and motor oil which they obtained from other sources. The Walsh cost on these products was \$101,889.47. If they had bought the products directly from Shell, they could have purchased them for \$95,079.99. They would have saved \$6,809.48 on these products.

The CHAIRMAN. Why did it cost more to go through this Penn Products Corp.? In other words, their profit was added to it?

Mr. WOLFE. Because they marked up the prices.

The CHAIRMAN. In other words, the contractor could have purchased it from Shell Oil at the same price that Shell Oil sold to Penn?

Mr. WOLFE. In the case of diesel fuel and gasoline, Walsh could have purchased at the same price that Shell sold Penn.

The CHAIRMAN. Walsh is the contractor?

Mr. WOLFE. Yes. In the case of motor oil, they would have had to pay about 10 cents a gallon more than Penn paid for it.

The CHAIRMAN. You have taken all of that into consideration?

Mr. WOLFE. I am taking that into consideration.

The CHAIRMAN. That is, in arriving at these figures?

Mr. WOLFE. Yes, sir.

The CHAIRMAN. So in order for Penn to make a profit, and this union leader—what is his name?—Johnson, Charlie Johnson, to make all the money he did out of it, that arrangement was made, costing the contractor something in excess of \$56,000; about \$57,000 in round numbers?

Mr. WOLFE. That is correct, sir.

The CHAIRMAN. And all of that was done to accommodate, apparently, this labor man and let this Penn Co. make its profit.

Mr. WOLFE. Yes, sir.

The CHAIRMAN. Was there any other reason, excuse, or justification for a company paying out of a \$644,000 transaction nearly \$60,000 more for the product than they could get it for if they bought directly? What can be the justification for that?

Mr. WOLFE. I can think of no other justification, sir.

The CHAIRMAN. There is no proper business propriety or efficiency or economy that dictates such a course, is there?

Mr. WOLFE. No, sir.

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Thank you.

Call the next witness.

Mr. KENNEDY. Mr. Murphy.

The CHAIRMAN. Mr. Murphy, you do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MURPHY. I do.

TESTIMONY OF JOHN J. MURPHY, ACCOMPANIED BY COUNSEL, MARK F. HUGHES

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MURPHY. My name is John J. Murphy. I live at 27—

The CHAIRMAN. You live where?

Mr. MURPHY. 27 Malvern Lane, Scarsdale, N. Y.

The CHAIRMAN. What is your business or occupation?

Mr. MURPHY. I am vice president of the Walsh Construction Co.

The CHAIRMAN. Vice president of Walsh Construction Co.?

Mr. MURPHY. Yes.

The CHAIRMAN. Thank you, sir. You have counsel present.

Mr. Counsel, identify yourself.

Mr. HUGHES. My name is Mark F. Hughes. I am a member of the firm of Wilkie, Farr, Gallagher, Walton & Fitzgibbon, of 15 Broad Street, New York City. I am a member of the New York Bar.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Mr. Murphy, how long have you been with the Walsh Construction Co.?

Mr. MURPHY. Since 1940.

Mr. KENNEDY. You were the project manager for a period of time on the construction work that was done in this joint venture for United States Steel?

Mr. MURPHY. Yes, sir.

Mr. KENNEDY. And involved with you were the companies mentioned by Mr. Hennessy?

Mr. MURPHY. Yes, sir.

Mr. KENNEDY. But the Walsh Construction Co. was the one in charge?

Mr. MURPHY. The sponsoring company.

Mr. KENNEDY. You were not the project manager originally?

Mr. MURPHY. That is right.

Mr. KENNEDY. The original project manager was Harry H. Dugan?

Mr. MURPHY. That is right.

Mr. KENNEDY. The Walsh Construction Co., as the sponsor, was responsible for the purchases of all the petroleum products, as well as a lot of other matter?

Mr. MURPHY. Yes, sir.

Mr. KENNEDY. Penn Products was awarded that contract; is that correct?

Mr. MURPHY. Yes; they were.

Mr. KENNEDY. Who was the one that made the final decision for Penn Products?

Mr. MURPHY. Mr. Dugan.

Mr. KENNEDY. As the project manager?

Mr. MURPHY. Yes, sir.

Mr. KENNEDY. While you were down there as project manager, did you know Mr. Charlie Johnson, Jr., or O. William Blaier, two Carpenter officials connected in any way with this Penn Products Co.?

Mr. MURPHY. I heard through the trade, shall I say, I heard rumors that Mr. Charles Johnson was connected with Penn Products. I never knew a Bill Blaier until I talked to you folks in New York several months ago.

Mr. KENNEDY. Was it common knowledge in the trade that Charlie Johnson was connected?

Mr. MURPHY. That he had an interest in Penn Products; yes.

Mr. KENNEDY. Mr. Chairman, there are some diary entries of Mr. Charlie Johnson, a diary that he kept in his office, in connection with the Walsh Construction Co., that I would like to have made an exhibit, or I offer it to you as a possible exhibit.

The CHAIRMAN. Who can testify to it?

Mr. KENNEDY. Mr. Tierney.

The CHAIRMAN. Mr. Tierney, you have been sworn in this hearing?

Mr. TIERNEY. I have, Senator.

The CHAIRMAN. Remain under the same oath. What do you know about a diary of Mr. Charles Johnson, Jr., the Carpenter official we have been discussing here in the course of this hearing?

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. TIERNEY. During the course of our investigation, Mr. Charles Johnson, Jr., furnished us his business diary, and from an examina-

tion of the dairy we obtained those excerpts which you see there on that page.

The CHAIRMAN. This list of excerpts were taken from the diary?

Mr. TIERNEY. Directly from the diary.

The CHAIRMAN. They are accurate and correct?

Mr. TIERNEY. They are, sir.

The CHAIRMAN. These excerpts may be placed in the record at this point. They may be printed in the record at this point.

(The excerpts referred to are as follows:)

ENTRIES IN DIARIES OF CHARLES JOHNSON, JR.

1953

July 27: "Ed Weiss called. Spoke to Mr. Durkin—needs Carpenters for Downs-ville job."

Aug. 25: "Phil Weiss—home after 4:30—Reminder to call Mr. Durkin."

Aug. 27: "Phil Weiss—C. J. to call Mr. Dugan of Walsh. He is taking bids on Kingston job."

Sept. 14: "Phil Weiss—reminder re Durkin & Corbetta—call Phil this A.M. re seeing Durkin."

Dec. 15: "Ed Weiss re C. J. making appt. with Mr. Durkin on Newburgh job."

Dec. 16: "Ed Weiss called re making appt. with Mr. Durkin."

1954

Jan. 15: ""Phil Weiss received call from Jack Murphy who received letter from Bernard Murray that rates are increased as of Jan. 1st. Murphy said agreement was to be for life of contract."

Jan. 18: "Phil Weiss called. Spoke to Jack Murphy yesterday. Letter sent out by Bernard Murray evidently pertains to building contractors in Newburgh."

1956

Jan. 13: "Manny Weiss called, Reminder to call Mr. Durkin."

The CHAIRMAN. Now, Mr. Counsel, you may interrogate about it.

TESTIMONY OF JOHN J. MURPHY, ACCOMPANIED BY COUNSEL, MARK F. HUGHES—Resumed

Mr. KENNEDY. Mr. Murphy, did you contact anyone from the Penn Products Co. about any labor difficulties that you were having?

Mr. MURPHY. Not that I know of.

Mr. KENNEDY. I call your attention to the entry on January 15, 1954, which states that Phil Weiss—do you know Phil Weiss?

Mr. MURPHY. Yes.

Mr. KENNEDY. How long have you known Phil Weiss?

Mr. MURPHY. I have known Phil Weiss for several years.

Mr. KENNEDY. You knew he was connected with the Penn Products Co.?

Mr. MURPHY. Yes.

Mr. KENNEDY. The entry states:

Phil Weiss received call from Jack Murphy who received letter from Bernard Murray that rates are increased as of January 1. Murphy said agreement was to be for life of contract.

This is an entry in the diary of Charles Johnson on January 15, 1954. Could you explain to us what that entry means?

Mr. MURPHY. I don't ever remember calling Phil Weiss. I remember calling Charles Johnson.

Mr. KENNEDY. Did you speak to Mr. Phil Weiss about a letter that you received from Bernard Murray?

Mr. MURPHY. I never did.

Mr. KENNEDY. Who was Bernard Murray?

Mr. MURPHY. Mr. Murray was a delegate up in Newburgh.

Mr. KENNEDY. What union?

Mr. MURPHY. The Carpenters Union in Newburgh.

Mr. KENNEDY. What did it mean that the rates are increased as of January 1?

Mr. MURPHY. We bid that job in September of 1953, and when we bid the job the rates for carpenters in that location was \$2.75 an hour. When we started the job in November, Mr. Murray said that the rate would be \$3 an hour, which we paid.

The following March, Mr. Murray said that a new rate went in of \$3.12. We immediately got together. There were two contractors on the job, Wescott, from Massachusetts, and Mr. Aborio, from Poughkeepsie, who were working in Mr. Murray's district.

We sat down and had a meeting and we all thought we had a firm price when we got the \$3, and we paid the \$3 going in, for the duration of the job. We were very concerned about this other raise. The raise was agreed to by a building group in Newburgh and we weren't consulted.

I called Charlie Johnson's office. I got his girl and she said that Mr. Johnson was out, but he would call me back. The next day we had another meeting and we asked Mr. Johnson to come up and sit in the meeting. I think the following day he did come up and sit in at the meeting.

Mr. Murray, Mr. Johnson, the three contractors and myself were present. After we had the meeting, it was agreed that we had to pay the 12 cents.

The CHAIRMAN. What is that?

Mr. MURPHY. The raise that was put in at that time we had to pay, Senator. In other words, instead of paying the \$3 we thought we were all right on, we had to pay \$3.12.

Mr. KENNEDY. Why was Phil Weiss getting involved in this?

Mr. MURPHY. I don't know.

Mr. KENNEDY. Well, the records show that you received a letter on January 9, 1954, informing you of this situation. Did you then call Phil Weiss to intervene and assist you?

Mr. MURPHY. I do not remember the call, sir.

Mr. KENNEDY. Well, these are taken from Mr. Johnson's diary.

Mr. MURPHY. I see they are, but I don't remember making the call.

Mr. KENNEDY. And here is another entry, on January 18, 1954:

Phil Weiss called. Spoke to Jack Murphy yesterday. Letter sent out by Bernard Murray evidently pertains to building contractors in Newburgh.

What does that mean?

Mr. MURPHY. The only thing it could mean would be that maybe his brother was on that job, and knew about it, and he had called his brother, but I didn't.

Mr. KENNEDY. He said,

Spoke to Jack Murphy yesterday,

and on the other one also, he says that

Phil Weiss received call from Jack Murphy who received letter from Bernard Murray,

and we have a letter here that was sent to you from Bernard Murray, on January 9, 1954.

What were you doing contacting Phil Weiss about the situation?

Mr. MURPHY. I don't remember.

The CHAIRMAN. Let me present this letter to you, which appears to be a carbon copy of the letter, and I will ask you to examine it and it is dated January 9, and addressed to your company, from Bernard H. Murray, business agent, 193 North Street, and I will ask you to examine it and state if you recall this letter, and you can identify it.

(A document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. MURPHY. The letter is correct.

The CHAIRMAN. What is that?

Mr. MURPHY. The letter is correct.

The CHAIRMAN. Do you recall the letter now, do you?

Mr. MURPHY. I recall the letter, yes.

The CHAIRMAN. The letter may be made exhibit No. 63.

(Document referred to was marked "Exhibit No. 63" for reference and will be found in the appendix on p. 16337.)

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further? Thank you very much.

Call the next witness.

Mr. KENNEDY. The next witness is Mr. Harry Dugan.

The CHAIRMAN. Will you be sworn.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DUGAN. I do.

TESTIMONY OF HAROLD H. DUGAN, ACCOMPANIED BY COUNSEL, MARK F. HUGHES

The CHAIRMAN. State your name, your residence, and your business or occupation, please, sir.

Mr. DUGAN. Harold H. Dugan, 55 Moligan Road, Larchmont, N.Y. I am a vice president of the Walsh Construction Co.

The CHAIRMAN. All right. You have the same counsel appearing for you, Mr. Hughes, as appeared for Mr. Murphy. Let the record so show.

Mr. KENNEDY. Mr. Dugan, how long have you been with the Walsh Construction Co.?

Mr. DUGAN. Thirty-two years.

Mr. KENNEDY. You were with the project manager at the work done at the Fairless Steel Plant, United States Steel, in Morrisville, N.J.?

Mr. DUGAN. That is correct.

Mr. KENNEDY. You were the first and initial project manager?

Mr. DUGAN. Yes, sir.

Mr. KENNEDY. And you were succeeded by the previous witness, Mr. Murphy?

Mr. DUGAN. That is right.

Mr. KENNEDY. As project manager, you had the final responsibility for the selection of the company that was going to supply petroleum products?

Mr. DUGAN. Yes, sir.

Mr. KENNEDY. As well as many other responsibilities?

Mr. DUGAN. Yes, sir.

Mr. KENNEDY. You were the one who selected the Penn Products Co.?

Mr. DUGAN. That is correct.

Mr. KENNEDY. Did you receive any request or urging from anyone in the Walsh Construction Co. to select the Penn Products Co.?

Mr. DUGAN. I received a telephone call, if I remember correctly, wherein Mr. Tom Walsh suggested that all things being equal, he would like to see the business go to Penn Products.

Mr. KENNEDY. Who is Mr. Walsh?

Mr. DUGAN. Chairman of the board.

Mr. KENNEDY. Is he still?

Mr. DUGAN. Yes.

Mr. KENNEDY. Did he explain what the purpose or reason for that was?

Mr. DUGAN. I don't recall that he did. He may have mentioned the Penn Products was doing a good job at Roscoe, and why change horses.

Mr. KENNEDY. I might say, Mr. Chairman, that we might have had Mr. Walsh or requested him to come down, but this is information that we just received today ourselves.

Did you receive some bids from other companies?

Mr. DUGAN. Yes; we had bids from as near as I can remember, four or five companies.

Mr. KENNEDY. Do you have copies of any of the bids?

Mr. DUGAN. Unfortunately, we don't.

Mr. KENNEDY. You don't have copies of any of the bids?

Mr. DUGAN. I don't know what has happened to them, but we have tried to dig them up out of the warehouse.

Mr. KENNEDY. Unfortunately Penn Products doesn't have copies of any of its bids in its files either.

Do you know if any assurances were given to the Penn Products Co. that they were, even before they put a bid in, that they were going to be the ones to receive this contract?

Mr. DUGAN. Not that I know of.

Mr. KENNEDY. You did not give them any assurances?

Mr. DUGAN. No, sir.

Mr. KENNEDY. If the assurances were given, they were given by someone other than yourself?

Mr. DUGAN. That is true.

Mr. KENNEDY. Do you know if Penn Products was the low bidder?

Mr. DUGAN. They were the low bidder, based on the way we evaluated the prices we had.

Mr. KENNEDY. How did you evaluate them?

Mr. DUGAN. We had a lot of unit prices, and we had to guess.

The CHAIRMAN. I am having trouble hearing you.

Mr. DUGAN. We had a lot of unit prices from the various suppliers, and we had to estimate or guess what quantities we would use, in order to make a tabulation to determine the low bidder.

Mr. KENNEDY. We have had the testimony of a prior witness from the Shell Oil Co., that in bidding such as this they would have been the low bidder on every one of the units.

Mr. DUGAN. Well, I listened to that testimony, and they said they did not submit a bid. Had you asked me, I couldn't have told you whether they did or not. I don't remember who the bidders were.

Mr. KENNEDY. Are you sure, therefore, that Penn Products was the low bidder?

Mr. DUGAN. To the best of my recollection.

Mr. KENNEDY. But you don't have any papers or anything to show that?

Mr. DUGAN. No; I don't. As a matter of fact, I never saw any of these quotations.

Mr. KENNEDY. That was done by someone else?

Mr. DUGAN. The purchasing agent brought me a tabulation of prices that he had received, and I set up the quantities to extend these prices to determine which was the best bid.

Mr. KENNEDY. Do you remember what Penn Products bid on any of these things?

Mr. DUGAN. No, sir.

Mr. KENNEDY. The only thing that you say that you can remember is that to the best of your recollection they were the low bidder?

Mr. DUGAN. That is correct.

Mr. KENNEDY. You can't remember anything else about it?

Mr. DUGAN. No, sir.

Mr. KENNEDY. What were some of the other companies that bid on it?

Mr. DUGAN. I don't remember their names.

Mr. KENNEDY. How can you remember that they were the low bidder if you can't even remember one company that bid?

Mr. DUGAN. Because I had to pick out whom to give it to.

Mr. KENNEDY. You picked it out, and you got a telephone call from the head of the board of directors of the Walsh Construction Co. urging you to give it to Penn Products Co. I would think there wasn't much more that you needed.

Mr. DUGAN. It wasn't that kind of a direction, and he said, "All things being equal."

Mr. KENNEDY. Why would he call at all if it wasn't some kind of a direction? Why would the head of the construction company enter into this at all?

Mr. DUGAN. I wouldn't know that.

Mr. KENNEDY. Did you know that Charlie Johnson with whom the Walsh Construction Co. had a contract had an interest in this company?

Mr. DUGAN. Only by hearsay.

Mr. KENNEDY. You understood that, though, and it was known in the trade?

Mr. DUGAN. I wouldn't say that.

Mr. KENNEDY. You didn't go in and examine the books and records, but it was generally understood in the trade that Charlie Johnson had an interest in this company?

Mr. DUGAN. I wouldn't say that it was generally understood, but I would say that I had heard such a rumor.

Mr. KENNEDY. Now, did you know why there were contracts with Mr. Phil Weiss of that company about labor difficulties or problems that you were having?

Mr. DUGAN. As far as I know, there were no such things.

Mr. KENNEDY. Well, that is another representative of the Walsh Construction Co., according to the records. He indicates that he had contacts with Mr. Phil Weiss, who in turn contacted Charlie Johnson about the labor difficulties of the Walsh Construction Co.

Mr. DUGAN. I believe that is the testimony that was brought out with the last witness; is that right?

Mr. KENNEDY. That is correct.

Mr. DUGAN. That date was 1954, wasn't it?

Mr. KENNEDY. That is correct.

Mr. DUGAN. Well, I had left Morrisville in 1952, so at the time I was there I don't know of any contact ever being made.

Mr. KENNEDY. We are talking about generally, what the situation and the relationship between the Walsh Construction Co. and the Penn Products Co. was.

Now whether there was a favor done back in 1951, it was quite a considerable favor because it brought \$51,000 to the Penn Products Co., that is \$51,000 that Walsh Construction Co. would not have had to pay otherwise for doing absolutely no work. Penn Products did no work for that, and there was a considerable favor.

Then we find in 1954 that a representative of the company is contacting Mr. Phil Weiss of the Penn Products Co. about labor difficulties.

Can you explain any of that to us?

Mr. DUGAN. I have no explanation.

The CHAIRMAN. Let me ask you about the testimony here.

I understand the Walsh Construction Co. purchased in the course of the construction of this project about \$645,000 worth of oil and merchandise from the Shell Oil Co. through the Penn Oil Co.; is that about correct?

Mr. DUGAN. Well, the figure surprises me, because I checked in New York to see what that figure was in round numbers, and someone gave me \$490,000.

The CHAIRMAN. Well, it is \$544,000 on one group of it, and some \$101,000 on another. According to the testimony here, I think that is right. Is that from their books?

TESTIMONY OF CHARLES E. WOLFE—Resumed

Mr. WOLFE. It is from the invoices of the Penn Products Co. to Walsh.

The CHAIRMAN. From the invoices of Penn Products Co. to Walsh. In other words, Walsh paid for the amount that you have shown here.

Mr. WOLFE. That is right.

The CHAIRMAN. Now, let me ask you, on that basis according to the testimony here, there was \$66,643 more paid for these products than they could have been purchased for directly from the Shell Oil Co.

Now, can you give any explanation for that, and why any such excess payments were made?

**TESTIMONY OF HAROLD H. DUGAN, ACCOMPANIED BY COUNSEL,
MARK F. HUGHES—Resumed**

Mr. DUGAN. From the testimony that I just heard, Shell did not quote us, and you are saying that we could have bought it.

The CHAIRMAN. I understand you to say they didn't bid, and apparently one of the reasons they did not was because of this arrangement. The other fellow was going to get the contract and they wanted to sell to him. It just seems to me on a transaction like that, and you folks are supposed to be businessmen—and by the way, may I ask, was this one of these cost-plus jobs, or fixed-fee jobs?

Mr. DUGAN. No, sir.

The CHAIRMAN. It was a flat bid?

Mr. DUGAN. It was a unit price bid.

The CHAIRMAN. A unit price bid?

Mr. DUGAN. Yes, sir.

The CHAIRMAN. Then you would have certainly been interested, your company, in making a saving, would you not?

Mr. DUGAN. Absolutely.

The CHAIRMAN. On all of these purchases?

Mr. DUGAN. Yes, sir.

The CHAIRMAN. How can you account for its being willing to pay some \$56,000, in round numbers, above what would be its fair market price that you could obtain these goods for?

Mr. DUGAN. In the first place, at the time we got this job, no one knew the magnitude of the job. The plans were not completed. The only way we could determine our oil requirements and fuel requirements was to make a rough estimate based on an estimated job cost of \$30 million.

The CHAIRMAN. What is that?

Mr. DUGAN. \$30 million.

The CHAIRMAN. That was the overall estimated cost of the job?

Mr. DUGAN. That is correct.

The CHAIRMAN. At the time that you got it?

Mr. DUGAN. Yes. The final overall cost was somewhere around \$80 million.

The CHAIRMAN. Around \$80 million?

Mr. DUGAN. Yes, sir. And so we are dealing with two different sets of figures.

The CHAIRMAN. I know, but how would that make any difference in the price of gasoline?

The project cost starts off to cost \$30 million, and finally it costs \$80 million. How does that affect the price of gasoline?

Mr. DUGAN. It does not affect the price of gasoline.

The CHAIRMAN. I did not think so. If you bought more of course you paid for what you got, but so far as the price per gallon, it would not make any difference, would it?

Mr. DUGAN. Not a bit.

The CHAIRMAN. All right.

Mr. KENNEDY. Didn't it occur to you that it would be better for your company to go directly to the super on a matter such as this, rather than to go through a third party such as Penn Products, in view of the fact that Penn Products in turn would have to get this oil and gasoline from a supplier such as Shell?

Mr. DUGAN. Yes, it occurred to me, but as I said, their price was low on our tabulation, and so that was all I cared about.

Mr. KENNEDY. I would really like to see that tabulation.

Mr. DUGAN. I would, too. I mean that.

Mr. KENNEDY. Well, what we have here from the testimony of the witnesses is first an assurance from the representative of the company that they were going to receive the contract and there were assurances to the Shell Oil Co.; and, No. 2, they received the contract at an excess of payment to them for just paperwork of some \$56,000, and they received a contract on the urging; No. 3, of the claim of the Board, Mr. Walsh; and No. 4, it was general knowledge among all of you people that Charlie Johnson was connected with the Penn Products Co. Then afterward we find that there are contracts by officers of the Walsh Construction Co. with officers of the Penn Products Co., regarding their labor difficulties. They in turn contacted Charlie Johnson of the Carpenters.

Do you want to say anything about that?

Mr. DUGAN. I have nothing to say about it.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

Senator CHURCH. No, Mr. Chairman, I have no questions.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. The next witness is Mr. Durkin.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DURKIN. I do.

TESTIMONY OF WILLIAM A. DURKIN, ACCOMPANIED BY COUNSEL, MARK F. HUGHES

The CHAIRMAN. State your name and your place of residence and your occupation.

Mr. DURKIN. William A. Durkin, 165 Sandra Avenue, White Plains, N. Y.; with the Walsh Construction Co., chairman of the executive committee.

The CHAIRMAN. Thank you very much. You have the same counsel representing you?

Mr. DURKIN. Yes.

The CHAIRMAN. Let the record show that Mr. Hughes is the counsel for the witness.

Mr. KENNEDY. How long have you been with the Walsh Construction Co.?

Mr. DURKIN. Forty-five years.

Mr. KENNEDY. Were you one of the founders of the Walsh Construction Co.?

Mr. DURKIN. No.

Mr. KENNEDY. Were you one of the originators of the Walsh Construction Co. as it is today? Were you one of those who were involved in a merger back some 40 or 45 years ago?

Mr. DURKIN. No.

Mr. KENNEDY. Well, how did you start with the Walsh Construction Co.?

Mr. DURKIN. It was 47 years ago; I started in as an employee.

Mr. KENNEDY. What is your present position with the company?

Mr. DURKIN. Chairman of the executive committee.

Mr. KENNEDY. How long have you held that position?

Mr. DURKIN. Two or three years.

Mr. KENNEDY. What were you prior to that time?

Mr. DURKIN. President.

Mr. KENNEDY. For how long were you president?

Mr. DURKIN. Eight or nine years.

Mr. KENNEDY. Mr. Durkin, do you know Mr. Ed Weiss?

Mr. DURKIN. I know the Weiss brothers, but I wouldn't know Ed from any of the others.

Mr. KENNEDY. Do you know Phil Weiss and Manny Weiss, the two other brothers?

Mr. DURKIN. I don't know one from the other, and I have met the three of them.

Mr. KENNEDY. Do you know Charlie Johnson?

Mr. DURKIN. Yes, sir.

Mr. KENNEDY. How long have you known him?

Mr. DURKIN. Eighteen or twenty years.

Mr. KENNEDY. Did you know he was connected with the Penn Products Co.?

Mr. DURKIN. Yes.

Mr. KENNEDY. Did he call you at various times to suggest or point out that the Penn Products Co. were bidding on particular jobs?

Mr. DURKIN. If I were called, he did, and I am not definite.

Mr. KENNEDY. Did you speak to Mr. Ed Weiss or Mr. Phil Weiss regarding any of the labor difficulties that you were having?

Mr. DURKIN. Never.

Mr. KENNEDY. Did Mr. Ed Weiss or Mr. Phil Weiss ever bring Mr. Charlie Johnson into your office?

Mr. DURKIN. One brother and Johnson came in together, and I don't know which one of the brothers.

Mr. KENNEDY. Did you talk at that time about Mr. Johnson's interest in the Penn Products Co.?

Mr. DURKIN. I don't recall; I may have.

Mr. KENNEDY. You don't remember anything about it?

Mr. DURKIN. I recall that the two came in at one time, and mentioned about getting business for the company.

Mr. KENNEDY. Do you know what the basis would be for Mr. Weiss' assurances to the Shell Oil Co. that they would be able to get a contract dealing with the Walsh Construction Co. down in Morrisville?

Mr. DURKIN. To my knowledge, there is no basis.

Mr. KENNEDY. Do you know why Mr. Walsh would call down to the Morrisville project manager and tell him that if all things were equal, to give the work to Penn Products Co.?

Mr. DURKIN. No; I have no idea why.

Mr. KENNEDY. Now, the diary, and I believe you have it before you there, of Mr. Charlie Johnson indicates, for instance, on July 27, 1953—

Ed Weiss called, spoke to Mr. Durkin—needs carpenters for Downs ville job.

Mr. DURKIN. I don't understand the wording of that. What does it mean?

Mr. KENNEDY. That is what I was going to ask you.

Mr. DURKIN. I don't understand what that means.

Mr. KENNEDY. You don't know?

Mr. DURKIN. No.

Mr. KENNEDY. Did you have any work at Downsville?

Mr. DURKIN. Yes.

Mr. KENNEDY. Did you need carpenters?

Mr. DURKIN. At various times; yes.

Mr. KENNEDY. Well, I suppose that is what it means, that Ed Weiss called, and he spoke to you, and you told him you needed carpenters at the Downsville job.

Mr. DURKIN. Ed Weiss never spoke to me about the carpenters.

Mr. KENNEDY. How would he find out? This is according to his message to Charlie Johnson, who was head of the Carpenters. Spoke to Mr. Durkin—

Needs carpenters for Downsville job.

and it seems quite clear.

Mr. DURKIN. I don't know.

Mr. KENNEDY. Did you ever talk to him about this?

Mr. DURKIN. Never.

Mr. KENNEDY. Do you know where he would receive that information?

Mr. DURKIN. I have no idea.

Mr. KENNEDY. Do you know why he would be calling Mr. Charlie Johnson saying he spoke to you, and that you needed carpenters at the Downsville job?

Mr. DURKIN. I have no idea.

Mr. KENNEDY. Then on August 25, 1953—

Phil Weiss, home after 4:30, reminder to call Mr. Durkin.

What does that mean?

Mr. DURKIN. I don't know who is the reminder and what it is. I don't know. I can't understand what it is.

Mr. KENNEDY. You can't understand that, either?

Mr. DURKIN. No, and who reminded him to call me.

Mr. KENNEDY. I think it is a reminder to Charlie Johnson to call Mr. Durkin. Did he call you?

Mr. DURKIN. If he did, I don't recall it.

Mr. KENNEDY. Well, maybe we have a little clarification in the next entry. Look at that one, August 27, 2 days later.

"Phil Weiss," and then "C. J.," which stands for Charlie Johnson, to call Mr. Dugan, of Walsh. "He is taking bids on Kingston job."

Mr. DURKIN. We never had a job in Kingston.

Mr. KENNEDY. Did you take bids of any kind?

Mr. DURKIN. I don't recall whether we did on the Kingston job or not, but we never had to my knowledge a construction job at Kingston.

Mr. KENNEDY. You don't know about that?

Mr. DURKIN. What kind of a job was it, do you know?

Mr. KENNEDY. We are trying to get the information from you as president.

Mr. DURKIN. I am sorry.

Mr. KENNEDY. Phil Weiss, September 14—

Reminder re Durkin and Corbetta—call Phil this a.m. re seeing Durkin.

Do you know what that means?

Call Phil Weiss re seeing Durkin.

Did he make appointments? Did Mr. Johnson make an appointment with you for you to see Phil Weiss or Ed Weiss?

Mr. DURKIN. If I recall, at one time, about the only time that I do recall, it was when they came in together, and I don't know who made that appointment. I am pretty sure Johnson made the appointment.

Mr. KENNEDY. Well, it certainly would indicate that in the two entries on December 15 and December 16—

Ed Weiss, re C. J. making appt. with Mr. Durkin on Newburgh job.

Then on December 16—

Ed Weiss called re making appt. with Mr. Durkin.

Mr. DURKIN. I never talked to anyone on the Newburgh job, and that was handled by someone else.

Mr. KENNEDY. Did Charlie Johnson ever call you about that?

Mr. DURKIN. Not to my knowledge, and he may have.

Mr. KENNEDY. Do you deny that he called you?

Mr. DURKIN. No.

Mr. KENNEDY. That would be January 13, 1956—

Manny Weiss called, reminder to call Mr. Durkin.

Do you remember that?

Mr. DURKIN. No; these are reminders, but I don't recall any follow-through on these notes that they called.

Mr. KENNEDY. You can't remember anything?

Mr. DURKIN. Yes, I can.

Mr. KENNEDY. You can't remember anything about this?

Mr. DURKIN. What is that?

Mr. KENNEDY. You can't remember anything about this?

Mr. DURKIN. No; I cannot in 1956. I can't remember whether Charlie Johnson called, and I had very little contact with him.

Mr. KENNEDY. Do you think it was a bad business deal not to get this oil at a saving of \$56,000 for the Walsh Construction Co.

Mr. DURKIN. Just listening to the testimony there, you are using a price which we didn't have, and not knowing anything about the comparisons. You are using a price that we didn't have, that a fellow said that he would have, against a price that was presented in arriving at a conclusion when actually you have no price to start with.

Mr. KENNEDY. We have two factors, though, two very important factors: The first is that of Mr. Weiss' assurances to the Shell Oil Co. that he could get this contract, and then the very important one of a telephone call from Mr. Walsh urging that the contract be given to the Penn Products Co. Beyond that, that this company would have to go to a large distributor such as Shell or Esso in order to buy this oil, should have been on the face of it enough evidence that the best way of proceeding was to purchase the oil and petroleum products directly. Is that right?

Mr. DURKIN. What is the question?

The CHAIRMAN. On the face of it, it looks like good business judgment and prudence would have dictated that you would have gotten the product as cheaply as you could. Isn't that correct?

Mr. DURKIN. Yes, sir.

The CHAIRMAN. Well, now, here you spent about \$56,000 more than was necessary to get the products. To use this as an illustration, instead of buying it wholesale, you chose to go through a retailer to buy what you could have gotten, in effect, wholesale.

I don't mean wholesale in the sense it was actually wholesale, but you paid a premium over what you could have bought it for by buying direct, a premium amounting to some \$56,000. That is the way it looks.

Mr. DURKIN. That is the figure that you are presenting, and I don't know.

The CHAIRMAN. And we cannot find the record of the bids. We cannot find the bids that were submitted either from your company or from the Penn Oil Co.

Is that right?

Mr. KENNEDY. Yes.

The CHAIRMAN. In other words, the records are all gone, or we can't find them. But on the face of it, it indicates that you paid some \$55,000 more for the oil petroleum products that you used there than was necessary, and, in addition to that, we find you are dealing with a union official who is involved in this who is making a tremendous profit out of it, and you are dealing with him in order to get your labor problems settled. That is the picture.

Is that all?

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Thank you very much.

Mr. KENNEDY. That is all.

The CHAIRMAN. The committee will stand in recess until 2 o'clock Tuesday afternoon.

(Members of the select committee present at time of recess: Senators McClellan and Church.)

(Whereupon, at 4:15 p.m. the select committee recessed, to reconvene at 2 p.m., Tuesday, February 3, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, FEBRUARY 4, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in room 3302, New Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Karl E. Mundt, Republican, South Dakota.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Harold Ranstad, assistant counsel; Charles E. Wolfe, investigator; John Prinos, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Mundt.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. We are going into a new phase of the situation involving the Penn Products Co. This company was owned, at least in part, by Charlie Johnson's wife, Charlie Johnson being a vice president of the Carpenters, and receiving a certain percentage of the commissions for all of the oil and petroleum products that he sold.

We found, according to our investigation, that products were sold in large part to construction companies. Today we are going to discuss the situation involving the Merritt-Chapman & Scott Co., and the building of the tunnel in Baltimore, Md. The first witness this morning is Mr. Guckert.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GUCKERT. I do.

**TESTIMONY OF JOHN PAUL GUCKERT, ACCOMPANIED BY COUNSEL,
RICHARD KERESSEY**

The CHAIRMAN. Mr. Guckert, state your name, your place of residence, and your business or occupation.

Mr. GUCKERT. My name is John Paul Guckert, and I reside at 7006 York Road, Baltimore, Md., and I am industrial salesman for the Esso Standard Oil Co.

The CHAIRMAN. Thank you very much. Do you have counsel present?

Mr. GUCKERT. Yes, sir.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. KERESSEY. My name is Richard Keresey, and I am associate general counsel of Esso Standard Oil Co.

The CHAIRMAN. What is your address?

Mr. KERESSEY. 15 West 51st Street, New York City.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been with the Esso Standard Oil Co.?

Mr. GUCKERT. Approximately 46 years.

Mr. KENNEDY. In May of 1956, or prior to May of 1956, had the Esso Co. been supplying petroleum products to Merritt-Chapman & Scott at the Patapsco Tunnel project at Baltimore?

Mr. GUCKERT. Well, Mr. Kennedy, I am not certain of that date, but we did supply products, and if the letter says so, I will accept that as being correct.

Mr. KENNEDY. Now, the Patapsco Tunnel project was a tunnel underneath Baltimore?

Mr. GUCKERT. Underneath the harbor; yes, sir.

Mr. KENNEDY. Approximately May of 1956 were you concerned with the fact that the volume of petroleum sales to the Merritt-Chapman & Scott Co. had fallen off?

Mr. GUCKERT. Yes, sir; I was.

Mr. KENNEDY. And did you then call on an official of the Merritt-Chapman & Scott Co. to determine why the sale of petroleum products had fallen off?

Mr. GUCKERT. Well, sir, I called on their purchasing agent.

Mr. KENNEDY. What was his name?

Mr. GUCKERT. Mr. Lundberg.

Mr. KENNEDY. A. B. Lundberg, L-u-n-d-b-e-r-g; is that correct?

Mr. GUCKERT. That is correct.

Mr. KENNEDY. You spell your name G-u-c-k-e-r-t?

Mr. GUCKERT. Yes; that is right.

Mr. KENNEDY. Now, would you relate to the committee what your conversation was with Mr. Lundberg?

Mr. GUCKERT. Well, sir, I called on him a number of times and I attempted to ascertain why our volume had fallen off, without any success, and then my company, by letter, asked me if I would go down and give them a detailed report. You have my report dated June 1 of my conversation with Mr. Lundberg.

The CHAIRMAN. I hand you here a photostatic copy of a document and ask you to examine it. It appears to be dated June 1, 1956, and it is on interoffice correspondence stationery.

Mr. GUCKERT. That is right, sir.

The CHAIRMAN. I wish you would examine it and state if you identify it.

Mr. GUCKERT. Yes, sir, that is my letter. I have a copy of it here.

The CHAIRMAN. Do you have a copy of it?

Mr. GUCKERT. Yes, sir.

The CHAIRMAN. You identify this that I present to you as a copy of your report?

Mr. GUCKERT. Yes, sir, that is a copy.

The CHAIRMAN. It may be made exhibit No. 64.

(Document referred to was marked "Exhibit No. 64" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, this also contains a memorandum dated June 1 that you wrote based on your conversation with Mr. Lundberg?

Mr. GUCKERT. Yes, sir, that is right.

Mr. KENNEDY. And the first two paragraphs of the memorandum indicate the problem that you had been encountering, and the fact that the sales to the Merritt-Chapman & Scott Co. had fallen off; is that right?

Mr. GUCKERT. That is right.

(At this point Senator Ervin entered the hearing room.)

Mr. KENNEDY. Then you relate your conversation with Mr. Lundberg, and you state here:

I have talked to the purchasing agent, Mr. A. B. Lundberg, from time to time regarding the possibility of our getting a portion of the motor oil and grease, and so on. To use Mr. Lundberg's words, he said, "I have nothing to do with the purchasing of oils, grease, or any petroleum products, and it is a hotbed of politics. The whole thing stinks."

He further advised that he receives all of his orders from his New York office, and he cannot understand why they buy from us for a while, and then the products come in apparently from Penn Products, and then from United Oil, and then back again to Penn Products. He said it is all a mystery to him. This is the story and it is just one of those things that we have been unable to control.

Did he make that statement to you?

Mr. GUCKERT. Yes, sir, he did.

Mr. KENNEDY. Did you ask him anything further about why this whole thing stinks?

Mr. GUCKERT. Mr. Kennedy, I really don't remember. That has been 4 years ago, that my conversation was, but at the time I wrote this letter that is what he told me, exactly what I said here, as I remember it.

Mr. KENNEDY. Can you remember anything else about the conversation?

Mr. GUCKERT. No, sir, I cannot.

Mr. KENNEDY. Did he give you any further explanation as to what the situation was regarding the purchasing of oil by Merritt-Chapman & Scott?

Mr. GUCKERT. Not that I remember, sir.

Senator MUNDT. What did you think that he meant by being a hotbed of politics? Do you think he was talking about partisan politics, or State politics, or national politics, or some kind of internal favoritism being displayed to one group as against another, that type of politics?

Mr. GUCKERT. Honestly, sir, as I mentioned, 4 years ago, it would be very difficult for me to attempt to remember exactly what he meant. I really don't know. I think if I had had an opinion at that time, I believe I would have put it in my letter.

Senator MUNDT. If you were in that much doubt——

Mr. GUCKERT. I beg your pardon?

Senator MUNDT. If you were in that big a doubt, you probably asked him what he meant.

Mr. GUCKERT. I really don't remember, sir, whether I did or not.

Senator MUNDT. If you were in a complete stage of puzzlement as to what he meant, I would think the logical thing would have been to try to clarify it in your mind by asking him what he meant.

Mr. GUCKERT. I would agree that that would be the logical thing, sir, but to answer you honestly and truthfully, I really don't remember.

Senator MUNDT. You don't know whether you asked him any further questions or not?

Mr. GUCKERT. No, sir; I do not.

Mr. KENNEDY. Did you know at that time of Charlie Johnson's connection with the Penn Products Co?

Mr. GUCKERT. No, sir; I didn't hear of Charlie Johnson's connection with it until I read it in the paper last Saturday in Baltimore, and I think it was in the Baltimore Sun. Excuse me, sir, I heard it in New York the week before that, a man named Johnson.

Mr. KENNEDY. Did you hear anything during this period of time that there was a union official connected with this company?

Mr. GUCKERT. No, sir; I did not.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. We have here an affidavit from Mr. Lundberg.

The CHAIRMAN. Just one moment, Mr. Guckert. I have an affidavit here that I will order printed in the record at this point. It is from Mr. Albert B. Lundberg, and this is the pertinent part of it. He says:

To the best of my knowledge and belief, I never at any time complained, nor have I heard anyone else complain, to any individual, or representative of a major oil company concerning the company's procurement policy regarding petroleum products used on the Patapsco project.

To the best of my recollection, I never made the remark, nor have I heard it said, that the situation regarding oil "stinks"—or that it was a "hotbed of politics."

This affidavit was executed on the 28th of January 1959. Do you wish to make any further comment about it?

Mr. GUCKERT. No, sir; none.

The CHAIRMAN. You state it was made?

Mr. GUCKERT. Yes, sir; that is right.

The CHAIRMAN. All right. Proceed.

(The affidavit referred to follows:)

AFFIDAVIT

STATE OF ARIZONA,

City of Page, County of Coconino, ss:

Albert B. Lundberg, being duly sworn, deposes and says:

That I am presently employed by Merritt-Chapman & Scott Corp. as a field purchasing agent on its Glen Canyon Dam and powerplant project, at Page, Ariz.

That prior to this assignment I was employed on its Patapsco Tunnel project, Baltimore, Md., also in the capacity of field purchasing agent.

That while I was so employed at Patapsco, I had nothing to do with the issuance of the original purchase orders for the delivery of petroleum products at the job. This procurement function was performed entirely in the New York office of the company. I did however, make isolated purchases from time to time for the immediate needs of the project.

To the best of my knowledge and belief, I never at any time complained, nor have I heard anyone else complain, to any individual, or representative of a major oil company concerning the company's procurement policy regarding petroleum products used on the Patapsco project.

To the best of my recollection, I never made the remark, nor have I heard it said, that the situation regarding oil "stinks"—or that it was a "hotbed of politics."

[SEAL]

(Signed) ALBERT B. LUNDBERG.

Subscribed and sworn to before me this 28th day of January 1959.

(Signed) RUTH L. LUNDBLADE,

Notary Public in and for the County of Coconino, State of Arizona.

My commission expires March 21, 1962.

Mr. KERESSEY. There is another letter with that memorandum, and was that identified?

Mr. KENNEDY. I believe the letter and the memorandum were identified.

The CHAIRMAN. I understand the letter and memorandum were identified, and they are made exhibit No. 64. That is both the letter and memorandum.

Mr. KERESSEY. Mr. Guckert didn't have the letter there, Senator, and he was referring I am sure just to the memorandum.

The CHAIRMAN. He does not identify the letter.

Come around again, Mr. Guckert.

What were you identifying when I held up the document to you, the memorandum or the letter or both?

Mr. GUCKERT. My letter of June 1, sir.

The CHAIRMAN. What is that?

Mr. GUCKERT. My letter to my company dated June 1. It is a memorandum.

The CHAIRMAN. That is all?

Mr. GUCKERT. Yes, sir.

The CHAIRMAN. The letter attached to it that I have here then is not a part of the exhibit 64. Exhibit 64 is a 2-page document.

Mr. GUCKERT. That is not my letter.

The CHAIRMAN. Only the memorandum will be made the exhibit.

Mr. KENNEDY. I might explain about the situation involving Mr. Lundberg. We would have ordinarily had him as a witness, but he is now working out on a dam site some 300 miles from the nearest town, and our investigator finally located him and talked to him on the telephone, and he denied having this conversation.

As long as he was going to deny the conversation, we arranged for him, rather than to come in, to put it in the form of an affidavit.

The CHAIRMAN. He prepared the affidavit himself and sent it to you?

Mr. KENNEDY. Or it was done through the company.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. C. E. Bourke.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BOURKE. I do.

**TESTIMONY OF CLYDE E. BOURKE, ACCOMPANIED BY COUNSEL,
RICHARD KERESSEY**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BOURKE. My name is Clyde Bourke, and my residence is 61 Broom Trails, Vernon Park, Md. My occupation at the time we are talking about, or at the time we are speaking of, in 1955, 1956, my title was bulk sales manager for Esso Standard Oil Co., of the Delaware-Maryland-District of Columbia Division.

The CHAIRMAN. What is your present occupation?

Mr. BOURKE. The same thing, except that now there is another change in the title, called reseller manager, which covers the same job, only a change in title.

The CHAIRMAN. Your duties are substantially the same as they were then?

Mr. BOURKE. Yes, Mr. Chairman.

The CHAIRMAN. You are just given a different title?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. You have counsel, the same counsel as the previous witness. The same counsel appears for this witness as for the preceding witness.

Mr. KENNEDY. Now, with the next few witnesses we are going to inquire into the situation as it was described, at least according to Mr. Guckert's testimony, as it was described to him by Mr. Lundberg.

Mr. Bourke, on April 13, 1955, did Mr. Emanuel Weiss call upon you?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. Would you relate to the committee what he said to you at that time?

Mr. BOURKE. I could read it from a copy of the report which I have in front of me, to be more exact.

I talked to Mr. Weiss and I questioned him as to the fact that he said Penn Products would control the petroleum requirements of the tunnel job at the Merritt-Chapman & Scott at the Baltimore Harbor Tunnel.

Mr. KENNEDY. He told you when he visited you that his company was the one who was going to receive the contract?

Mr. BOURKE. Yes, sir; and he told me the volume of the gasoline and diesel, and he told me that, or this memo says, they have competitive prices and things of that nature, yes, sir.

Mr. KENNEDY. Who was Emanuel Weiss, or who did you understand him to be at that time?

Mr. BOURKE. Who was he? He said he represented the Penn Products Co.

Mr. KENNEDY. And what did he want from you? He said his company was going to obtain or get the contract for the supplying of the oil and petroleum products on the Patapsco Tunnel job, which was being done or handled by Merritt-Chapman & Scott Co. What did he say he wanted from your company?

Mr. BOURKE. He wanted to know if we would sell him as a bulk plant reseller, as a reseller as the term is called, a man who can buy it and resell it, and he also quoted me competitive prices that he said he had secured from competition.

He said several other things about wanting the billing done in a certain manner on his billhead.

Mr. KENNEDY. What did he say about that?

Mr. BOURKE. He said he wanted us to use his delivery ticket and make a delivery to the Penn Products on the job and he said he would supply those books.

Mr. KENNEDY. That you would make the deliveries, and he would give you the delivery ticket to use with your deliveries?

Mr. BOURKE. Yes; and that our delivery ticket, if any, should not show any prices or anything else on the ticket.

Mr. KENNEDY. Did you ask him how he would be able to deliver this rather large contract?

Mr. BOURKE. Yes.

Mr. KENNEDY. How he would be able to procure it?

Mr. BOURKE. Yes.

Mr. KENNEDY. What did he say?

Mr. BOURKE. He said that he would be able to procure it. He didn't exactly go into too much detail. He indicated something about the machinery, that certain contractors might need over and above the amount they might have for a job, and that he would be leasing such equipment to them, or had such equipment to lease or controlled such equipment.

Mr. KENNEDY. Prior to bids being received by the Merritt-Chapman & Scott, prior to the time that they were analyzed and it was determined who was the low bidder, did it strike you as strange or peculiar that he was going to be able to obtain this contract or state that he was able to obtain the contract?

Mr. BOURKE. It struck me as funny or strange that he could. I asked him how, and that was the answer I got.

Mr. KENNEDY. Did you go into it in any further detail?

Mr. BOURKE. I didn't think it was that strange or peculiar that I would go into it any more than to ask him a question and I took his answer as he gave it to me.

Mr. KENNEDY. We have a memo based on that conversation of April 13.

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. Could we have that made an exhibit, Mr. Chairman?

The CHAIRMAN. I hand you here a photostatic copy of what purports to be a memorandum addressed to Mr. C. A. Newland. It appears to have been signed by you, Mr. C. E. Bourke. It is dated April 13, 1955.

I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. BOURKE. I do.

The CHAIRMAN. Is that a photostatic copy of the memorandum that you prepared and issued at that time?

Mr. BOURKE. That is, sir.

The CHAIRMAN. That may be made exhibit No. 65.

(The memorandum referred to was marked "Exhibit No. 65" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Let me ask you, Mr. Bourke, is this supplying of gasoline or petroleum products for a project or operation of this size ordinarily accommodated or taken care of by resale agents, or do they

usually make this contract and procure their supply directly from the producers of oil? In other words, on a job that size, I am thinking in terms that you ought to be able to get your products at pretty well wholesale prices directly from the producer.

Mr. BOURKE. It is done both ways, Mr. Chairman.

The CHAIRMAN. I do not know. I am asking. In other words, what is there, if anything, strange about this transaction that Penn Oil Co. could get your product when they could have gotten them directly from you?

Mr. BOURKE. In a lot of instances the contractor makes his own deal with his petroleum supplier. In some instances the reseller buys from us and sells to such contractor, due to the fact that there are certain delivery problems, such as the major oil company might operate a very large truck that might not be able to get over certain newly constructed roads, and things of that nature, whereas a smaller truck might.

Certain resellers have smaller equipment than a major oil company. Therefore, some of it is done through a reseller. But most all contractors have some connection with a major oil company. A major oil company salesman calls on him.

The CHAIRMAN. All right.

Senator MUNDT. Are those sales usually made by competitive bids or are they done by private negotiations?

Mr. BOURKE. Both ways, sir.

Senator MUNDT. You say they usually have a connection of some kind with the major oil companies.

Mr. BOURKE. They might have a preference. They might know their products better, or things of that nature. They can buy it from whom they wish.

Senator MUNDT. They might have prevailing agreement that if they buy their oil from a major oil company they get it at a certain discount or certain prices?

Mr. BOURKE. Yes. They could have either or none.

Mr. KENNEDY. On April 14 you had a further conversation with Mr. Weiss?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. And you also wrote a memorandum based on that conversation?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. What did he relate to you? What did he tell you and ask of you at that time?

Mr. BOURKE. That we give him a quotation to meet competitive offers that he had, and that we do certain things in reference to billing the diesel fuel; that we should deliver No. 2, for example, and bill it as a diesel fuel, No. 2 fuel oil, a heating oil.

Mr. KENNEDY. And bill Merritt-Chapman & Scott as No. 2 diesel oil?

Mr. BOURKE. Not Merritt-Chapman & Scott, sir. Penn Products.

Mr. KENNEDY. That you should deliver fuel oil to Merritt-Chapman & Scott and bill as No. 2 diesel oil; is that correct?

Mr. BOURKE. That was his request. One moment.

(The witness conferred with his counsel.)

Mr. BOURKE. Deliver on the job of the tunnel job, but bill Penn Products.

Mr. KENNEDY. Although you delivered fuel oil, you would bill it as diesel oil?

Mr. BOURKE. That was the request.

Mr. KENNEDY. That was the request?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. What is the differential in price between fuel oil and diesel oil?

Mr. BOURKE. It was at that time, and had been for quite some period of marketing in the oil industry, about four-tenths of a cent a gallon higher for the diesel.

Mr. KENNEDY. It would appear, then, on the face of it, that Penn Products in this method was attempting to sell a cheaper brand of oil as a more expensive oil?

Mr. BOURKE. Mr. Kennedy, I can't answer what it would appear to them, but I would say that Esso's method of marketing is that we have a separate product for diesel fuel, as a diesel fuel, than we do as an ordinary furnace heating oil.

What he understood or what other major oil companies do, I cannot answer.

Mr. KENNEDY. Can you give us any other explanation other than the fact that they were attempting to make an extra profit by changing the delivery slips on the kind of oil that was being delivered?

Mr. BOURKE. I couldn't make any other explanation. That was his request.

Mr. KENNEDY. Did you agree to label this fuel oil as diesel oil, or diesel oil as fuel oil?

Mr. BOURKE. No, sir.

Mr. KENNEDY. You did not?

Mr. BOURKE. No, sir.

Mr. KENNEDY. Did you turn him down right at that time?

Mr. BOURKE. No, sir. We discussed it with him and discussed it with my —

Mr. KENNEDY. Why didn't you turn him down right at that time?

Mr. BOURKE. Why did I?

Mr. KENNEDY. Why didn't you?

Mr. BOURKE. Why did I not?

Mr. KENNEDY. Yes.

Mr. BOURKE. I wanted to discuss it with my management, tell them of the competitive quotations and discuss what I knew, after my conversation with him.

Mr. KENNEDY. Didn't you feel that was an improper suggestion?

Mr. BOURKE. I did.

Mr. KENNEDY. Why didn't you turn him down?

Mr. BOURKE. I wanted to acquaint my management with it and discuss it with them.

Senator MUNDT. Was that contact that you had with Mr. Weiss on April 13, 1955, your first introduction to Mr. Weiss? Was that the first time you had ever met him?

Mr. BOURKE. Yes, sir. I received a call from my Boston office that indicated he was going to call on me. That was my first meeting with him, on the 13th.

Senator MUNDT. Was it also the first business you had had with the Penn Products Co.?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. I notice here in this memorandum dated April 14, the second paragraph, you say :

In connection with your billing Penn Products with No. 2 diesel (which we will fill with No. 2 heating oil) do we want to have a written understanding with Penn Products that this is a satisfactory arrangement so that at some future date they cannot complain to us that we billed them with diesel and did not supply a diesel product?

Did I read that correctly?

Mr. BOURKE. I think you did.

Mr. KENNEDY. And then it states further in the fifth paragraph :

It was further requested that all products delivered be signed for on the Penn Products Co.'s delivery tickets and no price shown on any ticket left on the job. These delivery ticket books to be supplied by the Penn Products Co. The only prices involved will be between Esso and Penn Products Co.

Had you talked to your superiors about this situation?

Mr. BOURKE. Did I?

Mr. KENNEDY. Yes.

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. Did you talk to Mr.——

Mr. BOURKE. I made that memorandum out and passed it in and talked to them; yes, sir.

The CHAIRMAN. I hand you here another memorandum which appears to be from you, addressed to Mr. J. H. MacLeod, dated April 14, 1955, and ask you to examine it and state if you identify it.

(The document was handed to the witness.)

(At this point Senator Mundt left the hearing room.)

Mr. BOURKE. I identify it, sir.

The CHAIRMAN. That may be made exhibit No. 66.

(The memorandum referred to was marked "Exhibit No. 66" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Is that the one about which you have been interrogated by counsel?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. So at least as of this time you were contemplating going in and making this contract with the Penn Products Co. for the supplying of the oil for the Merritt-Chapman & Scott work?

Mr. BOURKE. We were discussing it.

Mr. KENNEDY. You were contemplating entering into a contract to that effect?

Mr. BOURKE. We were discussing it from that angle, I would say. I wouldn't say any more than that. I wouldn't say we were about to do it. We were discussing it.

Mr. KENNEDY. So you have the situation, first, of Weiss coming in and saying he was associated with the Penn Products Co. and they were going to be able to get this very large contract.

The second situation you have is where Mr. Weiss suggests that although fuel oil should be delivered on the job, that the bill should be set up as if diesel oil had been delivered. That is correct? He made that suggestion, that that is the way they wanted it handled?

Mr. BOURKE. That is where the suggestion came from.

Mr. KENNEDY. And the third idea that Mr. Weiss had was that there should be no delivery tickets, or that Penn Products delivery tickets should be used, rather than the Esso delivery tickets?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. We have a memorandum of April 20. Was that also prepared by you? That is, in connection with this matter?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. And that indicates that you were about to enter into this contract; does it not, with Mr. Weiss?

Mr. BOURKE. I don't believe that it does, Mr. Kennedy.

The CHAIRMAN. Just a moment. You identify this memorandum of April 20; do you, signed by yourself?

Mr. BOURKE. I haven't seen it, sir.

(The document was handed to the witness.)

Mr. BOURKE. Yes, sir; I identify it.

The CHAIRMAN. That may be made exhibit No. 67.

(The memorandum referred to was marked "Exhibit No. 67" for reference and will be found in the appendix on p. 16338.)

Mr. KENNEDY. This is a memorandum dated April 20, Baltimore, Md. It is from Mr. Bourke, and it reads:

In a discussion with Mr. Emanuel Weiss last night from my home, he promised to mail us at once a letter for our files stating the competition which we are experiencing in securing his business. He further stated that he was mailing us some of his delivery books for use when making deliveries to the Merritt-Chapman & Scott organization. Mr. Weiss indicated that the tunnel job at Baltimore was probably going to need some petroleum products very soon as the ribbon-cutting program was scheduled for Thursday, April 21. It was again requested by Mr. Weiss that when making deliveries to Merritt-Chapman & Scott we show no price on the delivery ticket, and that if we desire we can secure a signature on our own delivery ticket forms to be retained in our files, with no copy left with the customer when we make a delivery.

Mr. Weiss further agreed that we should put the wording on his delivery tickets to the customer "No. 2 diesel," whereas, our delivery tickets could say "No. 2 fuel." Mr. Weiss said that if he received our letter on the confirmation of the quotation by Monday, it would be satisfactory to him.

Doesn't that memorandum, particularly the first paragraph, indicate very clearly that you were about to enter into a contract with Mr. Weiss on the basis of his request?

Mr. BOURKE. We were discussing the business and the contract.

Mr. KENNEDY. Well, it states here that he was making arrangements to send you the tickets, to send you the delivery tickets. Certainly it had gone beyond the discussion stage as of that time.

Mr. BOURKE. The last paragraph covers it, if we would confirm any discussion. But we hadn't gotten that far along, sir.

Mr. KENNEDY. Then you state here—

Mr. Weiss further agreed that we should put the wording on his delivery tickets to the customer "No. 2 diesel," whereas, our delivery tickets could say "No. 2 fuel."

So you were still contemplating misbranding the oil?

Mr. BOURKE. We never contemplated it at all. I wrote that memorandum, but it is a little ambiguous. It isn't as it indicates that it was a foregone conclusion, that we were going to deal with him and deal with him under that basis. This was a request from Mr. Weiss.

Mr. KENNEDY. You would say, certainly, that the memorandum indicates that you were about to deal with him on that basis?

Mr. BOURKE. If it did, it was an error of my wording, my phraseology. It wasn't in the back of my mind to say that we were going to do business with him at that time. It indicates that the way it is

worded. But it was Mr. Weiss' request and I accepted his request and passed it along.

Mr. KENNEDY. Why hadn't you turned it down by this time, you and your superiors?

Mr. BOURKE. I hadn't had an opportunity to go into all of the details with him, I suppose, hadn't come to any conclusion.

Mr. KENNEDY. I would think this would have been a rather shocking suggestion to a large oil company, that you would have, certainly in a period of a week, turned this kind of a suggestion down flatly. Why hadn't that been done?

Mr. BOURKE. We were discussing the matter with him. We wanted business. There are a lot of things that are surprising in the oil business, sir.

The CHAIRMAN. I didn't quite get that.

Mr. BOURKE. I said there were a lot of strange things approached in business at times, but this one, this request, we were discussing, and attempting to secure business. We wanted business.

The CHAIRMAN. Was this a kind of a strange arrangement here leading up to securing this business?

Mr. BOURKE. It was a strange request to some extent; yes.

The CHAIRMAN. The thing on the face of it—well, let me see. I understand that diesel oil is higher than No. 2 fuel—or is it vice versa?

Mr. BOURKE. In our method of marketing, we sell it as a higher priced product. We make it differently and we stock it differently. But other oil companies—

The CHAIRMAN. Well, you say in this memorandum to your superior, I assume, that "Mr. Weiss further agreed," as if you made the proposal to him, that you secured his agreement. That is what this indicates.

Mr. BOURKE. It does indicate that, Mr. Chairman, but it isn't—

The CHAIRMAN. This reads further agreed, as if you had secured an agreement from him—

that we should put the wording on his delivery ticket to the customer "No. 2 diesel," whereas, our delivery ticket could say "No. 2 fuel."

What does that mean? That you were going to supply a cheaper fuel and bill for a higher priced fuel? Is that correct?

Mr. BOURKE. Mr. Chairman, it did not indicate the we were going to do that.

The CHAIRMAN. That is what the proposal means.

Mr. BOURKE. I wrote the wording. Two days later, the next memorandum will show that I turned the proposition that we had discussed down flatly.

The CHAIRMAN. Maybe so.

Mr. BOURKE. That is the next memorandum coming up.

The CHAIRMAN. But as of this moment, the proposal you were considering and the agreement that Mr. Weiss had reached with you was that you would handle it in this way, that you would sell and deliver a cheaper fuel and bill for a higher priced fuel; is that correct?

Mr. BOURKE. Mr. Chairman, the request to me was that I was to take that request back to my management for approval. Two days later I canceled and told him we could not go along with that request. But this was a request from him, not an approval. I told him I would take it up with my management.

The CHAIRMAN. Your wording—

Mr. BOURKE. My wording is a little ambiguous. That is my fault. I agreed to accept his recommendation and take it to my people.

The CHAIRMAN. In other words, up to that moment, that was the pending proposition, that you would do it this way.

Mr. BOURKE. Definitely.

The CHAIRMAN. And the implications were that you were submitting it to your superiors on the basis of their approval that you would do it this way.

Mr. BOURKE. That is correct, sir, and my wording, although I made it, it was a play on words on my part which was incorrect.

The CHAIRMAN. In other words, you were flirting with a proposed fraud with somebody at that moment; were you not?

Mr. BOURKE. I had a request as stated, sir.

The CHAIRMAN. It would have been a fraud, wouldn't it, to sell a cheaper product and bill for a higher cost? Wouldn't that be a fraud on somebody?

Mr. BOURKE. I wouldn't know what was a definition of a good fraud, but we didn't agree to do it.

The CHAIRMAN. All right. I am not saying you did it. You say you didn't agree to it, and probably the proof will show that. But at that moment, that was what was involved, a conspiracy to commit a fraud in that you were going to deliver a cheaper product and bill the buyer for a higher priced product.

Mr. BOURKE. It was a request to do that.

The CHAIRMAN. That was a matter that was under consideration?

Mr. BOURKE. That was a request.

The CHAIRMAN. Had it been consummated, had it been carried out, it would have constituted a fraud on somebody.

Mr. BOURKE. A misrepresentation of a product.

The CHAIRMAN. Well, that amounts to fraud, doesn't it?

Mr. BOURKE. I suppose you could call it that.

The CHAIRMAN. Have you got a better word for it?

Mr. BOURKE. No.

The CHAIRMAN. Thank you.

Senator ERVIN. I suggest, Mr. Chairman, if the word "moral" can be used in connection with such matters, it would have constituted moral thievery.

The CHAIRMAN. They were considering it. There is no question but that you were considering it at the moment, but you say you turned it down.

Mr. BOURKE. I was discussing it; yes.

The CHAIRMAN. But at the moment, whether that proposition came from your company or came from Weiss to your company, there was involved in it a fraud that would have been consummated had this proposal been agreed to and carried out.

Do you agree with that?

Mr. BOURKE. A misrepresentation of product; yes, sir. But the definition on the play of words, I would rather not—

The CHAIRMAN. Just a moment.

Mr. BOURKE. A misrepresentation.

The CHAIRMAN. Let's put it this simply: If you bill a man for 100 gallons of gasoline and you only deliver 50 to him, you have committed a fraud on him, haven't you?

Mr. BOURKE. I would call that a fraud, yes, sir, if I actually did.

The CHAIRMAN. If you sell him an article where the market value is one price and you list it as such, and then you bill him for a higher priced article, isn't that a fraud? What is the difference?

(The witness conferred with his counsel.)

Mr. BOURKE. We will call it that.

The CHAIRMAN. There is no difference, is there? One is quantity and the other is quality. You are overcharging for either.

You don't want to answer it. All right; proceed.

Mr. KENNEDY. I might also point out, Mr. Chairman, that this proposition was first made on April 13.

The CHAIRMAN. He says he turned it down. Let's proceed.

Mr. KENNEDY. We have a telegram here of April 21.

The CHAIRMAN. Did you send Mr. Weiss a telegram on April 21? I present you what purports to be a photostatic copy of the same and ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. BOURKE. I do.

The CHAIRMAN. It may be made exhibit No. 68.

(The telegram referred to was marked "Exhibit No. 68" for reference and will be found in the appendix on p. 16339.)

The CHAIRMAN. You may refer to the telegram.

Mr. KENNEDY. It is to Mr. E. A. Weiss, dated April 21, Esso Standard Oil Co. It is signed by Mr. Bourke. It reads:

Imperative that you contact me as soon as possible. If necessary call me home, Severna Park 440.

C. E. BOURKE.

What was the reason for sending that telegram to him?

Mr. BOURKE. Because I tried to locate him at his hotel and was unable to locate him, and I wanted to have that telegram there by the time he came back to his hotel.

Mr. KENNEDY. What was the emergency that had come up?

Mr. BOURKE. He indicated that he wanted some answer from us very soon, and that is why I wanted to get in touch with him right away.

Mr. KENNEDY. There wasn't any contract that had already been made?

Mr. BOURKE. As stated in the previous memorandum, the need for petroleum products on the job was very, very soon, from the first time I talked to him, that the ribbon had been cut.

Mr. KENNEDY. It states here, on your earlier memorandum of April 20, that—

Mr. Weiss said if he received his letter of confirmation of quotation by Monday, it would be satisfactory to him.

So you had a few days, certainly, to make an arrangement. What was the emergency that came up?

Mr. BOURKE. To give him his answer as soon as I could.

Mr. KENNEDY. Was it during this period of time that you learned there was a union official that was connected with this company?

Mr. BOURKE. I never exactly heard any information of that kind about a union official. I heard some vague rumor about a labor connection in some way, but not in that exact wording, sir.

Mr. KENNEDY. Did you have discussions with your superiors about some labor connection with this company?

Mr. BOURKE. I passed on whatever I picked up in the way of a discussion to my management; yes, sir.

Mr. KENNEDY. Isn't that the reason that an emergency arose and that this contract never went through, that you learned and heard of the union connection with this company and felt that you might get into difficulty with the law if you made this kind of an arrangement?

Mr. BOURKE. No.

Mr. KENNEDY. Did you ever have any discussions with any of your superiors along those lines?

Mr. BOURKE. I passed on the rumors that I picked up in various conversations to my superiors about the labor——

Mr. KENNEDY. Did you talk to Mr. MacLeod, the fact that you might be in violation of section 302 of the Taft-Hartley Act?

Mr. BOURKE. I did not. Along those lines, Mr. Kennedy, I passed on what I picked up in the way of rumor. But I did not discuss the Taft-Hartley law, as you mention, the number there. I am very vaguely familiar with the Taft-Hartley law and still am.

Mr. KENNEDY. Did you discuss at all the fact that you might be in violation of the law if you did this?

Mr. BOURKE. I passed on the rumor of the labor; not a violation. I did not discuss it from that. I passed on the rumor.

Mr. KENNEDY. Did you discuss anything further about the fact that you might be in violation of the law or might be in conflict with the law if you entered into this contract with Penn Products Co.?

Mr. BOURKE. I discussed with him the way they wanted to do the billing.

Mr. KENNEDY. You are not answering the question.

Mr. BOURKE. I did not discuss any violation. I passed on the rumor of the labor, as to what I heard. But as to a violation, I don't recall it. It has been quite some while back. I could have casually mentioned it, but I do not recall for the life of me.

Mr. KENNEDY. Isn't it a fact that that is why the contract was not made, because you felt, the company felt, that they would be in violation of the law if they entered into this kind of an arrangement with Penn Products?

Mr. BOURKE. I would not say that.

Mr. KENNEDY. Wasn't that a factor, Mr. Bourke?

Mr. BOURKE. Sir?

Mr. KENNEDY. Wasn't that a factor?

Mr. BOURKE. I would not say that.

Mr. KENNEDY. Would you deny that was a factor?

Mr. BOURKE. I would not.

Mr. KENNEDY. All right.

Mr. BOURKE. I passed on what I got.

The CHAIRMAN. What happened after you sent this telegram? After you sent the telegram, did Mr. Weiss call you?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. He did telephone you?

Mr. BOURKE. He called me and there is a memorandum which I made as of April 22, pertaining to that phone call.

The CHAIRMAN. Did he call you on the 21st or 22d? Do you have that? Do you have a memo there, something to refresh your memory?

Mr. BOURKE. No, sir; I haven't. I think it was on the 22d. I don't recall whether it was the 21st or the 22d.

The CHAIRMAN. I hand you here another memorandum apparently from you to Mr. J. H. MacLeod, dated April 22, 1955, and ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. BOURKE. I do.

The CHAIRMAN. Thank you. This may be made exhibit No. 69. (Document referred to marked "Exhibit No. 69" for reference and will be found in the appendix on p. 16340.)

The CHAIRMAN. Obviously, you had a telephone conversation with Mr. Weiss after you sent him the telegram; is that right?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. He did call you as per your request?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. And this is the memorandum that has been made exhibit No. 69? This is the memorandum you prepared and sent to your superior after the telephone conversation?

Mr. BOURKE. Yes, sir.

Mr. KENNEDY. This reads April 22, 1955, signed by Mr. C. E. Bourke, and states:

I had a phone conversation with Mr. Emanuel Weiss and canceled our proposition as outlined in your office. I told Mr. Weiss that it was impossible for us to meet all of his requirements, that we could not sell our products and rebrand them to another grade, and neither did we desire to use his tickets, but felt we should use our own.

I explained that these factors were the reasons for our withdrawing from the picture, and that he was free to do business with whomever he chose. Mr. Weiss seemed quite surprised and asked if there was anyway in which he could change his requirements so that we would be in a position to sell him. I told him that we could not sell him under the basis as he had outlined and therefore we were withdrawing. That was the way the conversation ended.

Then there is a P.S.:

If Mr. Weiss further contacts us and asks on what basis we would sell him, we may wish to quote him tank wagon on branded motor fuels and branded 208 diesel. We may further desire to have Mr. John Bracken aggressively solicit Merritt-Chapman & Scott and other subcontractors on the tunnel job at this time.

The CHAIRMAN. Who made the decision, Mr. Bourke, rejecting his proposal? You have been reporting everything to your superiors, and here you are reporting back to them after your telephone conversation with Weiss on the 21st and 22d, that you canceled it or you withdrew from any further negotiations on the proposal. Now, who made that decision?

Mr. BOURKE. My superiors.

The CHAIRMAN. Who is that?

Mr. BOURKE. How far up the line it went, I do not know, but my immediate superior passed the word to me and at that time—

The CHAIRMAN. Did he pass it to you by telephone conversation, memo, or otherwise?

Mr. BOURKE. Conversation, I think.

The CHAIRMAN. Telephone conversation?

Mr. BOURKE. No, sir.

The CHAIRMAN. Direct?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. Verbal?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. What reason did he give for the turning down the proposition?

Mr. BOURKE. He did not give me any reason other than as mentioned in that memorandum.

The CHAIRMAN. Other than mentioned in the memorandum?

Mr. BOURKE. That we could not meet those requirements.

Mr. KENNEDY. Now, you had been contemplating this proposition. It had first been made on April 13, and it was evidently not until April 22 that Mr. Weiss was finally turned down. You were contemplating entering into this contract for this period of time of approximately 10 days.

What was it, in fact, that arose that created an emergency so that you had to see Mr. Weiss and that you told him that you could not do business with him? What was it, in fact, Mr. Bourke?

Mr. BOURKE. An emergency that he wanted an answer as soon as he could get it, and they were in need for petroleum products on the job and he wanted his answer from us as to whether we would go along on that proposition.

Mr. KENNEDY. Well, this memorandum appears to indicate that you weren't prepared to do business with him under any basis. He indicated to you that he would be willing to change his requirements, and you turned him down on that basis.

Mr. BOURKE. We did not discuss any turning down, because we had no new proposition from the Penn Products.

Mr. KENNEDY. But he said he would be willing to change his requirements, and Mr. Weiss seemed quite surprised and asked if there was any way in which he should change his requirements.

Mr. BOURKE. It was never accomplished nor did we receive any different proposition.

Mr. KENNEDY. Why didn't you enter in a conversation? This memo indicates you never wanted to, after this, enter into a contact with Penn Products, and the reason is not because of the fact that they asked you to do something improper. The reason was that you understood about the union connection, and you didn't want or you felt you might be in violation of the law; isn't that correct, Mr. Bourke?

Mr. BOURKE. No. The reason was, we could not do business along those lines, and we received no other proposition to do business in any other manner.

The CHAIRMAN. Let us get this straight. Here you have been carrying on these negotiations for a week or longer, and obviously the whole picture was before you at all times; isn't that correct, as to how they wanted this billed and delivered?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. And the upgrading and so forth?

Mr. BOURKE. That is right.

The CHAIRMAN. That was before you for a week's time before it was finally turned down?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. Now, in the interim, did you learn that he was tied up with some labor leaders in this deal? Did you or did you not?

Mr. BOURKE. I heard such a vague rumor, and I never learned it officially, and there was nothing on the Baltimore Harbor tunnel job that would make a decision as firm as that, that I knew. I heard rumors, sir.

The CHAIRMAN. Did those rumors make any impression on you, or influence you in considering this proposition further?

Mr. BOURKE. I had not the decision in the matter.

The CHAIRMAN. Did they influence you in your recommendations and in your discussion with your superiors?

Mr. BOURKE. I don't know that they did. I recommended the proposition just as I received it.

The CHAIRMAN. Did you recommend that the original proposition be accepted? Did you recommend that?

Mr. BOURKE. I didn't firmly recommend it. I discussed it and discussed the volume and said what the competitive prices were.

The CHAIRMAN. And you made no recommendation either way?

Mr. BOURKE. I didn't make a very firm recommendation, if that is what you mean; no. Naturally I was after business, and I discussed it from that angle, sir.

The CHAIRMAN. I am asking you, did you recommend that the proposition be accepted to your superiors, the proposition that you had under consideration?

Mr. BOURKE. I wouldn't say, sir, that I did, from your description of a recommendation.

The CHAIRMAN. What I am trying to get is what happened, if anything, that caused you all of a sudden to say, "We are not going to have anything to do with it."

Mr. BOURKE. I didn't make that decision to turn it down.

The CHAIRMAN. You were the middleman in between? You were the one that the information came to first, and then passed on to your superiors.

Mr. BOURKE. Yes; I would call myself a middleman in that particular instance, or an office boy, almost. I was a message carrier, and I carried a message from him to our management, and I got the word back, and I passed it to him.

The CHAIRMAN. Isn't that kind of in the middle?

Mr. BOURKE. Not only then, but now I am in the middle. The question is, sir, that I did not, or most of my recommendations right here on the paper, which you have a copy of, those are my recommendations, that there was so much volume and we could secure it at a certain price to be competitive, period.

The CHAIRMAN. All right. What we are trying to find out is perfectly obvious: Was there anything connected with these union leaders being involved in some kind of a deal here that influenced you in rejecting this proposition.

Mr. BOURKE. Mr. Chairman, I was not the official rejector.

The CHAIRMAN. Do you know whether it did influence those who did reject it? Do you have any information along that line?

Mr. BOURKE. No, sir. I was not told of their inner workings of their decision in their mind.

The CHAIRMAN. Did you pass on to your superiors the rumors that you got about it?

Mr. BOURKE. Yes, sir.

The CHAIRMAN. And it was after you passed on those rumors that the decision was finally made to withdraw from it and have nothing to do with it?

Mr. BOURKE. As far as the date goes; yes, sir.

The CHAIRMAN. The date is pretty important.

Mr. BOURKE. It was after I passed on those rumors, and what effect that had I cannot answer.

The CHAIRMAN. All right.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions?

All right; thank you. Will you stand aside, and call the next witness.

Mr. KENNEDY. Mr. MacLeod is the next witness.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MacLEOD. I do.

**TESTIMONY OF JOHN H. MacLEOD, ACCOMPANIED BY COUNSEL,
RICHARD KERESSEY**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MacLEOD. John H. McLeod, 510 Nottingham Road, Baltimore, Md., and I am in the real estate business.

The CHAIRMAN. And the same counsel appears for you?

Mr. MacLEOD. Yes, sir.

The CHAIRMAN. Let the record show that the same counsel appears for Mr. McLeod.

What previous business were you in, Mr. MacLeod?

Mr. MacLEOD. I was in the oil business.

The CHAIRMAN. For whom and with whom and for what period of time?

Mr. MacLEOD. I was with Esso Standard Oil from 1921 until 1956.

The CHAIRMAN. In what capacity?

Mr. MacLEOD. Different capacities.

The CHAIRMAN. In 1956.

Mr. MacLEOD. I was assistant division manager of the Delaware-Maryland-District of Columbia Division.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. MacLeod, you had some conversations with Mr. Weiss of the Penn Products Co. in April of 1955?

Mr. MacLEOD. I had one conversation.

Mr. KENNEDY. That was on April 14, was it?

Mr. MacLEOD. Yes, sir.

Mr. KENNEDY. In 1955?

Mr. MacLEOD. Yes, sir.

Mr. KENNEDY. Mr. Weiss came to see you?

Mr. MacLEOD. Yes, sir.

Mr. KENNEDY. Would you relate what he told you at that time?

Mr. MacLEOD. Well, Mr. Bourke brought him to my office in connection with the previous conversations that he had been holding

with him in regard to supplying the petroleum products to the Penn Products for the Patapsco Tunnel job.

Mr. KENNEDY. At that time, did Mr. Weiss make suggestions to you as to how he wanted this handled?

Mr. MACLEOD. Yes, sir.

Mr. KENNEDY. For instance, billing them for diesel oil when in fact only fuel oil was delivered?

Mr. MACLEOD. Yes, sir.

Mr. KENNEDY. And also did he tell you how he wanted the delivery tickets handled?

Mr. MACLEOD. I believe he did, sir.

Mr. KENNEDY. Now, this proposition was ultimately turned down; is that correct?

Mr. MACLEOD. Yes, sir.

Mr. KENNEDY. And you participated in the decision to turn it down?

Mr. MACLEOD. I believe I did, sir.

Mr. KENNEDY. Now, Mr. MacLeod, during this period of time, did you learn that there was a union connection or union official connected with this company?

Mr. MACLEOD. I was told that, sir.

Mr. KENNEDY. By whom were you told that?

Mr. MACLEOD. Mr. Bourke.

Mr. KENNEDY. What did he tell you?

Mr. MACLEOD. He told me that Ed Weiss was head of a union in New England.

Mr. KENNEDY. Did you inquire further into it?

Mr. MACLEOD. No, sir.

Mr. KENNEDY. Did you inquire as to how the Penn Products Co. was going to be able to deliver this contract for the Merritt-Chapman & Scott business?

Mr. MACLEOD. From whom would I inquire, and I don't quite understand?

Mr. KENNEDY. You would inquire, I expect, of Mr. Weiss, when he came in and said to Mr. Bourke that he would be able to deliver this contract, and he would be able to get this business.

Mr. MACLEOD. Well, he indicated to me that he had the franchise for the job.

Mr. KENNEDY. Did you inquire further into how he was going to be able to get the franchise when they had not let out bids as of that time?

Mr. MACLEOD. No, sir.

Mr. KENNEDY. Did it disturb you at all there was a union connection or union official connected with this company?

Mr. MACLEOD. Of course.

Mr. KENNEDY. Was that in fact the reason that the contract was turned down with the Penn Products Co.?

Mr. MACLEOD. I don't recall that it was. It could have played a part.

Mr. KENNEDY. Do you deny that it played a part?

Mr. MACLEOD. No, sir.

Mr. KENNEDY. You wrote a letter, I believe.

The CHAIRMAN. The Chair presents to you a photostatic copy of a letter addressed to Mr. O. H. Hanson, dated April 22, 1955, from

Mr. C. A. Newland, and I ask you to examine it and state if you identify it.

(A document was handed to the witness.)

Mr. MACLEOD. Yes, I do.

The CHAIRMAN. It may be made exhibit No. 70.

(Document referred to was marked "Exhibit No. 70" for reference and will be found in the appendix on p. 16341.)

Mr. KENNEDY. Now, this letter is dated April 22, 1955, and it is written and signed by Mr. C. A. Newland, to Mr. Hanson, and it states as follows:

Following your conversation of yesterday, we endeavored to reach Mr. Weiss at the Sheridan-Belvidere Hotel in Baltimore where he was registered. However, we were unable to contact him, so sent him the attached telegram.

Mr. Weiss called Mr. C. E. Bourke at his home last night. Mr. Bourke told Mr. Weiss it was impossible for us to meet his billing requirements, and furthermore we could not sell our products and rebrand them to another grade.

Mr. Weiss was insisting that we sell them No. 2 fuel oil and bill it No. 2 diesel.

These were the reasons given to Mr. Weiss for withdrawing from the picture and he was advised that as far as we were concerned he was free to do business with whomever he desired.

Mr. Weiss was very surprised and asked if there was any way in which he could change his requirements so that we would be in a position to sell him. He was told that we could not sell him under the basis he had outlined, and therefore we were withdrawing, and this is the way the conversation ended.

For your information, we presently have contracts with Gearhart and some other companies, and naturally we would be willing to sell Merritt-Chapman & Scott on the same basis.

That is the basis you sell to these other companies?

Mr. MACLEOD. Yes, sir.

Mr. KENNEDY (reading):

Very truly yours, C. A. Newland.

Then on the side there is written this notation:

Talked to Miss Duncan, alerted them reference section 302, Taft-Hartley, and then I believe those are your initials?

Mr. MACLEOD. Yes, sir.

Mr. KENNEDY. Did you discuss the section 302 of the Taft-Hartley Act in connection with this matter?

Mr. MACLEOD. With Miss Duncan, I did.

Mr. KENNEDY. Why did you do that?

Mr. MACLEOD. Well, I wanted to pass the information on to Mr. Hanson, and Miss Duncan was in Mr. Hansen's office of national accounts, in New York.

Mr. KENNEDY. Section 302 is about the payment of money to a union official.

Mr. MACLEOD. Well, I don't recall exactly what it was, but I had read one of the trade papers and I didn't want to be a party to the payment to both sides.

Mr. KENNEDY. Section 302 states:

It shall be unlawful for any employer to pay or deliver, or to agree to pay or deliver, any money or other thing of value to any representative of any of his employees who are employed in an industry affecting commerce.

Mr. MACLEOD. Yes, sir, and I didn't want to be a party to the payment to both sides.

Mr. KENNEDY. Did you feel there was something improper in this arrangement?

Mr. MACLEOD. Naturally.

Mr. KENNEDY. And isn't that the true reason that this contract was turned down?

Mr. MACLEOD. I can't say that it is, in all fairness. I think that the reasons we have outlined in this letter of April 22 are sufficient to turn it down.

Now I would like to clarify a conversation that the chairman had, or speak about the conversation that the chairman had with Mr. Bourke.

It was never our intention to upgrade anything. Mr. Weiss wanted us to sell him No. 2 heating oil——

The CHAIRMAN. Probably a better word would be "up-billing"?

Mr. MACLEOD. No. I am sorry you don't understand it.

There is no increase in price. He wanted us to sell him No. 2 heating oil and bill it as No. 2 diesel oil, but he wanted it sold at the No. 2 price.

Now, our heating oil is designed for use in oil burners and our diesel oil is designed for use in diesel engines. That isn't true with all companies. With some companies, No. 2 heating oil and the diesel oil are interchangeable.

The CHAIRMAN. But it is true in your company?

Mr. MACLEOD. Yes; it is true in our company.

Mr. KENNEDY. There is a 0.4 cent differential?

Mr. MACLEOD. There wouldn't be any intent on our part there to defraud there, at no time.

The CHAIRMAN. What is the purpose of selling one product and billing another?

Mr. MACLEOD. I think you would have to ask that of Mr. Weiss.

The CHAIRMAN. What did you gather was the purpose of it? You are an experienced man.

Mr. MACLEOD. He was going to sell it to Merritt-Chapman & Scott at the diesel price.

The CHAIRMAN. At a higher price?

Mr. MACLEOD. Yes, but that is not our "walk the floor."

The CHAIRMAN. That is a part of the whole transaction?

Mr. MACLEOD. It is true.

The CHAIRMAN. You could see through it, could you not?

Mr. MACLEOD. We can't police what our resellers do.

The CHAIRMAN. I understand. But you could see through it at the time?

Mr. MACLEOD. Certainly.

The CHAIRMAN. And, of course, if you carried out his purpose, you would have been a party to it because you would have been billing or giving false billing, would you not?

Mr. MACLEOD. I am afraid, Mr. Chairman, that you are reading something into it that was not there at the time, and the real reason I gave Mr. Weiss was that our No. 2 heating oil was not satisfactory for use in diesels, and that is a true reason.

The specifications are such that he might have trouble, and I told him we couldn't guarantee it.

Senator ERVIN. Mr. Weiss evidently wanted the Esso Standard Oil to put him in the possession of documents in the form of invoices or bills from the Esso Standard Oil which would enable him to turn over to other people and convince these other people that the kind of oil he was getting was oil that was retailing or selling at 0.4 cent a gallon more?

Mr. MACLEOD. I would have to agree with what you say on that. But at the time there was no intent on our part to defraud.

Senator ERVIN. But he was soliciting the Esso Standard Oil Co. to put himself in the possession of documents with which he could, if he saw fit, defraud somebody else?

Mr. MACLEOD. That is right.

Now, I would like to say this: That our No. 2 diesel, or rather our heating oil, would work in the equipment they were using on the tunnel. That is, Caterpillar tractors.

Mr. KENNEDY. As I understand your point—

Mr. MACLEOD. But not as satisfactorily as our No. 2 diesel.

Mr. KENNEDY. Your point is that if anyone was defrauding anybody, it was Penn Products Co. defrauding Merritt-Chapman & Scott?

Mr. MACLEOD. Of course, I don't know that.

Mr. KENNEDY. If it was being done?

Mr. MACLEOD. We were not defrauding anyone.

Mr. KENNEDY. So the defrauding would be the Penn Products Co. defrauding Merritt-Chapman & Scott?

Mr. MACLEOD. If you choose to see it that way.

Mr. KENNEDY. Well, that would not have been possible, obviously, without the help and assistance of your company. They wanted you to enter into this arrangement. You were not the ones who were going to directly do it, but it would not have been possible without the help of Esso.

Mr. MACLEOD. I don't think that there has been any indication here that Merritt-Chapman & Scott would examine the bills of the Penn Products. That isn't ordinarily the case of buyer and seller. You buy from someone and you do not examine his purchase price and so forth.

Mr. KENNEDY. I think the record is clear on it.

Mr. MACLEOD. Well, I think so.

Mr. KENNEDY. I think in fairness to you, also, we have this memorandum of April 18, which is, I believe, written in your own handwriting.

Mr. MACLEOD. Yes, sir.

Mr. KENNEDY. And which would seem to indicate—well, it states here:

We cannot sell No. 2 fuel oil as No. 2 diesel, satisfactory to seller as No. 2 fuel or No. 2 fuel oil. Under these conditions we can use their tickets but would like an invoice of their own signed at the same time.

Mr. MACLEOD. Yes, sir.

The CHAIRMAN. I hand you a memorandum from which counsel has read. It appears to be dated April 18. I assume it is 1955. It is a handwritten memorandum, with the initials J.H.M.

(Document handed to the witness.)

Mr. MACLEOD. I do.

The CHAIRMAN. That may be made exhibit No. 71.

(Document referred to was marked "Exhibit No. 71" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. That would indicate as far as you were concerned, as of April 18, that you were not going to allow this improper billing or false billing.

Mr. MAC LEOD. That is right.

Mr. KENNEDY. But, of course, that is inconsistent with the position taken on April 20, in that memorandum where it indicates, again, that the Esso Oil Co. was still contemplating doing it, and it wasn't until April 22, finally, that a decision was given to Mr. Weiss that you would not do it.

That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further? If not, thank you.

Call the next witness.

Mr. KENNEDY. Mr. Hansen.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HANSEN. I do.

**TESTIMONY OF ODIN HANSEN, ACCOMPANIED BY COUNSEL,
RICHARD KERESSEY**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HANSEN. Odin Hansen. I reside at 3 Merriam Place, Bronxville, N.Y. I am employed by Esso Standard Oil Co. as a national accounts representative.

The CHAIRMAN. Let the record show that the same counsel represents Mr. Hansen as represented the preceding witnesses.

Mr. KENNEDY. How long have you been with the Esso Co.?

Mr. HANSEN. About 33-34 years, sir.

Mr. KENNEDY. Mr. Hansen, you were aware of the negotiations that were taking place with the Penn Products Co. in Baltimore?

Mr. HANSEN. They had discussed it with me; yes.

Mr. KENNEDY. That was in 1955. Were you aware during this period of time of the connection of a union official with this company?

Mr. HANSEN. I was not.

Mr. KENNEDY. You were not. Did you subsequently learn that?

Mr. HANSEN. I had heard that there was a labor association.

Mr. KENNEDY. Had you heard that at this time?

Mr. HANSEN. During the early conversations I may have heard it, but I believe that it was later on that that phase came out.

Mr. KENNEDY. Was this one of the reasons that the contract was not made directly with the Penn Products Co. in Baltimore?

Mr. HANSEN. Not as far as I know, sir.

Mr. KENNEDY. You know nothing about that?

Mr. HANSEN. No, sir.

Mr. KENNEDY. Do you know why the negotiations ended with the Penn Products Co.?

Mr. HANSEN. Well, I imagine that it was for the reasons as stated, and that we in national accounts were soliciting that business from Merritt-Chapman & Scott.

Mr. KENNEDY. Was there any discussion held with you in connection with the fact that this might be an unlawful payment to a union official if you entered into this arrangement?

Mr. HANSEN. No, sir.

Mr. KENNEDY. This Miss Duncan, was she in your office?

Mr. HANSEN. Yes, sir.

Mr. KENNEDY. This is a note that was made by the previous witness, wherein he states:

Talked to Miss Duncan, alerted them reference section 302, Taft-Hartley.

Did Miss Duncan speak to you about that?

Mr. HANSEN. If she did, sir, I do not recall it.

Mr. KENNEDY. Did you ever take up this matter of a union connection of this company with any of your law department?

Mr. HANSEN. No, sir.

Mr. KENNEDY. You had negotiations directly with the Merritt-Chapman & Scott Co. in connection with supplying the oil and petroleum?

Mr. HANSEN. No, sir. Our sales representative, J. H. Donaldson.

Mr. KENNEDY. He had negotiations?

Mr. HANSEN. He negotiated with Merritt-Chapman & Scott.

Mr. KENNEDY. Did you subsequently make a contract directly with Merritt-Chapman & Scott for the supplying of the petroleum products?

Mr. HANSEN. We were given a letter by Merritt-Chapman & Scott saying we were to supply at certain prices and that the order would be placed on Penn Products and that we were to bill Penn Products Co.

Mr. KENNEDY. Mr. Chairman, this is a key document. I would like to have the witness identify it.

The CHAIRMAN. The Chair hands you a photostatic copy of what purports to be a letter dated April 28, 1955, to Esso Standard Oil Co., from Merritt-Chapman & Scott Corp. I ask you to examine it and state if you identify it.

(Document was handed to the witness.)

Mr. HANSEN. Yes, sir.

The CHAIRMAN. That may be made exhibit No. 72.

(Document referred to was marked "Exhibit No. 72" for reference and will be found in the appendix on p. 16342.)

Mr. KENNEDY. Mr. Chairman, this is the second phase of this situation. We had the first with the previous witnesses, where Mr. Weiss approached a company directly and stated that he could deliver this contract; the negotiations extended for a period of approximately 9 days, and ultimately on April 22 Penn Products was informed that the Esso Co. would not deal with them for the reasons that have been stated here before the committee.

Then negotiations occurred during this period of time between Esso Co. and Merritt-Chapman & Scott, through Mr. Donaldson, to attempt to get this contract.

Subsequently, on April 28, 1955, we have this document which the witness has just referred to and has identified. It is a letter from the

procurement manager of Merritt-Chapman & Scott, Mr. Guy Owens, to the Esso Standard Oil Co. It states:

GENTLEMEN: This will confirm our verbal order to your Mr. J. Donaldson to the effect that you are to furnish gasoline, fuel, and lubricating requirements for our use on the Patapsco Tunnel project, Maryland State Roads Commission contract, P.T. 108, at the following prices.

Then, Mr. Chairman, it gives the prices for gasoline, white, diesel, and No. 2 fuel oil, lubricating oils, and greases.

And then the very important paragraph is:

Our purchase order will be placed with Penn Products Co., 94 Vernon Street, Somerville, Mass., whom you will invoice at prices stated above for any materials furnished us on this project.

What did that mean, as a practical matter, Mr. Hansen?

Mr. HANSEN. Well, we took this as our order to supply the products on that job, the Merritt-Chapman & Scott project, of that job.

Mr. KENNEDY. So you were supplying the oil and these products directly to Merritt-Chapman & Scott on this Patapsco Tunnel project?

Mr. HANSEN. We were delivering to the job, yes.

Mr. KENNEDY. But instead of billing Merritt-Chapman & Scott Co., they told you to send the bills to the Penn Products?

Mr. HANSEN. Yes, sir.

Mr. KENNEDY. I understand that your company finally furnished the oil requirements for this job?

Mr. HANSEN. Part of it, sir.

Mr. KENNEDY. There is an intervening company that we will go into.

The CHAIRMAN. After you called off these negotiations we have been talking about between you and Penn Products, or Mr. Weiss, then you later entered into other negotiations by which you did make sales for this project; is that correct?

Mr. HANSEN. That is correct.

The CHAIRMAN. That is the phase we are going into now?

Mr. HANSEN. That is what I understand, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Was this an unusual way of handling the situation?

Mr. HANSEN. No, it was not.

Mr. KENNEDY. It was not?

Mr. HANSEN. No.

Mr. KENNEDY. Did you have any explanation as to why, when you obtained the contract, you would not be billing the Merritt-Chapman & Scott Co. directly rather than going through Penn Products?

Mr. HANSEN. Well, the salesman discussed it to a certain extent. However, it was not elaborated on. At that time, it was probably mentioned that there may have been some labor involved.

Mr. KENNEDY. That there was some labor official?

Mr. HANSEN. I do not recall a labor official involved in here, or maybe there was someone related. It was all from the salesman who was put out because his customer didn't give it to him, so to speak.

Mr. KENNEDY. There was some discussion, and there was some concern, within the company, as to how this was being handled?

Mr. HANSEN. They raised the question, yes.

Mr. KENNEDY. And the explanation that was offered, at least by some, was the fact that there was a union—some labor angle to the Penn Products Co.?

Mr. HANSEN. That is correct.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you.

Call the next witness.

Mr. KENNEDY. Mr. Frank Hamilton.

The CHAIRMAN. Be sworn, please.

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAMILTON. I do.

TESTIMONY OF FRANK J. HAMILTON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HAMILTON. Frank J. Hamilton, 515 Rounfort Road, Philadelphia.

At the time of the dealings in which you are interested, I was division manager in charge of direct sales for the Gulf Oil Corp.

The CHAIRMAN. What is your present position?

Mr. HAMILTON. I am classed as consultant to the division at the present time.

The CHAIRMAN. You waive counsel?

Mr. HAMILTON. Yes, sir. One of our lawyers is in the room, but he did not feel it was necessary to accompany me here.

The CHAIRMAN. Well, if you determine at any time in the course of your interrogation that you would like to consult with counsel, you will be granted that privilege.

Mr. KENNEDY. Mr. Chairman, now we have gone through two phases of this situation: Mr. Weiss' approach directly and then ultimately Esso receiving the contract, but being ordered by Merritt-Chapman & Scott to do their billing through the Penn Products Co., an unusual situation.

Now there is a third phase which we are going to take up with this witness.

During the building of the tunnel, Mr. Hamilton, there was some property that was owned by the Gulf Oil Co. in the vicinity where the tunnel was being constructed; is that correct?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. And the Merritt-Chapman & Scott Co. was anxious to get control of that piece of land?

Mr. HAMILTON. To lease part of the land, yes.

Mr. KENNEDY. And negotiations were entered into, and during the course of the negotiations the company was informed that they could lease the land if they also took their petroleum and oil products from the Gulf Oil Co.?

Mr. HAMILTON. They agreed to do that.

Mr. KENNEDY. But that was discussed?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. They ultimately agreed that they would take their petroleum products from you, is that correct, the Gulf Oil Co.?

Mr. HAMILTON. That is correct.

Mr. KENNEDY. Did you enter into an agreement for them to purchase their products from you?

Mr. HAMILTON. Their No. 2 fuel oil and diesel oil. We entered into an agreement the latter part of August 1955 for a 2-year period beginning September 1.

Mr. KENNEDY. A contract and a purchase order were made?

Mr. HAMILTON. That is correct.

The CHAIRMAN. I hand you two documents. The first one is on Gulf Oil Corp. form. It says "Bulk Oil Contract." It appears to be dated the first day of September 1955, and it is signed by Mr. Hamilton, it seems, as manager, Gulf Oil Corp. Is that you?

Mr. HAMILTON. That is me; yes, sir.

The CHAIRMAN. I hand you that and ask you to identify it. I also hand you what purports to be a photostatic copy of a purchase order, dated September 29, 1955. Attached to it is an "Amendment To Purchase Order," dated November 7, 1955. I ask you to examine these three documents and state if you identify them.

(Documents were handed to the witness.)

Mr. HAMILTON. I identify all three, Mr. Chairman.

The CHAIRMAN. In the order in which the Chair referred to them, they may be made exhibits Nos. 73-A, B, and C.

(The three documents referred to were marked "Exhibits Nos. 73-A, 73-B, and 73-C," for reference and will be found in the appendix on pp. 16343-16345.)

Mr. KENNEDY. The purchase order was September 29, 1955?

Mr. HAMILTON. Yes, sir.

Mr. KENNEDY. Then on December 28, 1955, did you have a conversation with a representative, Mr. Guy Owens, of the Merritt-Chapman Co.?

Mr. HAMILTON. I didn't personally, but my office did.

Mr. KENNEDY. And at that time did the Merritt-Chapman Co. request that you invoice all deliveries of fuel to the Penn Products?

Mr. HAMILTON. That is right.

Mr. KENNEDY. Was this a change in policy as far as your—

Mr. HAMILTON. It was, because for 4 months we had been invoicing deliveries on the Patapsco River Tunnel job directly to Merritt-Chapman & Scott, in accordance with the contract closed with that company.

Mr. KENNEDY. Did they explain to you why they wanted this change in procedure?

Mr. HAMILTON. They did not.

Mr. KENNEDY. Did you request this from them in writing, since it was an unusual procedure?

Mr. HAMILTON. Yes, sir.

Mr. KENNEDY. This was very unusual?

Mr. HAMILTON. Yes, sir.

Mr. KENNEDY. I hand you this letter of December 28, 1955, Mr. Chairman.

The CHAIRMAN. The Chair presents to you a photostatic copy of a letter dated December 28, 1955, on Merritt-Chapman & Scott stationery, addressed to Gulf Oil Corp., apparently signed by Mr. G. Guy Owens, procurement manager.

I ask you to examine the letter and state if you identify it.

(The document was handed to the witness.)

Mr. HAMILTON. I identify the letter, Mr. Chairman.

The CHAIRMAN. That may be made exhibit No. 74.

(Letter referred to was marked "Exhibit No. 74" for reference, and will be found in the appendix on p. 16346.)

Mr. KENNEDY. It is to the Gulf Oil Corp., signed by Mr. Owens. It is dated December 28.

In accordance with our telephone conversation of today with your Mr. Godley, we are writing to ask you if you would be willing to invoice the No. 2 fuel oil and diesel oil called for on our POA-70901, and amendments thereto, to Penn Products Co., 94 Vermont Street, Somerville, Mass.

You probably know the Penn Products Co. are distributors of fuel oils and lubricants and have served us on a number of jobs, although they procure the oil from some major oil company in the area in which the job is located. Prior to entering into our order A-70901 with you, we had placed our order A-67763 with Penn Products Co. for the fuel oil and lubricants on the Patapasco tunnel job and, hence, we have an obligation to them. You would invoice Penn Products Co. at the prices stated in our order A-70901, or less, if you recognize them as a distributor, and they, in turn, will bill us for the fuel oil and diesel oil against our order A-67763 with them.

We shall appreciate your thoughtful consideration of this arrangement and an early reply so we may notify all concerned accordingly.

Do you know why Merritt-Chapman & Scott not only wanted you to bill the Penn Products Co. for this oil that you were delivering, but that they wanted you to give them even a better contract than you had been giving to the Merritt-Chapman & Scott Co.?

Mr. HAMILTON. I would gather they wanted Penn Products Co. to get the regular jobber or distributor price, rather than a consumer price.

Mr. KENNEDY. Did you know what the basis of this solicitation on the part of the Merritt-Chapman & Scott Co. for Penn Products Co. was based on?

Mr. HAMILTON. I did not.

Mr. KENNEDY. Did you understand or know at that time that there was a union official connected with the Penn Products Co.?

Mr. HAMILTON. I did not.

Mr. KENNEDY. Did you agree to give them the jobber prices, a lesser price?

Mr. HAMILTON. No, sir.

Mr. KENNEDY. What was the basis of that?

Mr. HAMILTON. Well, in the first place, it did not appear to us as though the Penn Products Co. could actually make the physical deliveries. We had loaned Merritt-Chapman & Scott equipment in which we were making deliveries, and we saw no reason to give another company, a second company, you might say, the benefit of a lower price than we were giving the contractor themselves.

Mr. KENNEDY. They did not really qualify as jobbers?

Mr. HAMILTON. Not as far as we were concerned.

Mr. KENNEDY. In this case, and in the case—well, you wouldn't know about Esso. At least in your case they were not performing any service whatsoever?

Mr. HAMILTON. Not that we could understand.

Mr. KENNEDY. You were delivering the oil to the job site; is that correct?

Mr. HAMILTON. And had been for 4 months.

Mr. KENNEDY. And had been. All you were doing was just invoicing or billing the Penn Products Co., who, in turn, were billing Merritt-Chapman & Scott?

Mr. HAMILTON. We were invoicing Penn Products Co. Let's put it that way.

Mr. KENNEDY. But they were performing no service?

Mr. HAMILTON. Not as far as we knew.

Mr. KENNEDY. You continued to perform the same service you performed in the past?

Mr. HAMILTON. That is right.

The CHAIRMAN. They did not take over any service you had been performing?

Mr. HAMILTON. That is correct.

The CHAIRMAN. In other words, you had the same operating costs, expense, and service responsibilities you previously had?

Mr. HAMILTON. Yes, sir.

The CHAIRMAN. The only thing was that you were instructed to send your bill to Penn instead of sending it to Merritt-Chapman?

Mr. HAMILTON. Yes, sir.

The CHAIRMAN. There was no reason for you to make any sacrifice of your charges?

Mr. HAMILTON. No, sir.

The CHAIRMAN. You received no benefits from that arrangement?

Mr. HAMILTON. No, sir.

The CHAIRMAN. There was no advantage, no more profit, no less work?

Mr. HAMILTON. It was the same amount of work, except that the billing went to Massachusetts instead of New York.

The CHAIRMAN. Well, you would make bills anyway. It was just writing different names on the bills; that is all.

Mr. HAMILTON. That is all. But the bills also indicated Merritt-Chapman & Scott's order number.

The CHAIRMAN. You did write one additional name on the bill?

Mr. HAMILTON. Yes, sir.

The CHAIRMAN. Very well.

What was the idea of this, do you know? Did you ever find out?

Mr. HAMILTON. Well, of course, I have an idea since I have been reading the papers.

The CHAIRMAN. To take care of these union officials?

Mr. HAMILTON. We didn't know that at the time. We didn't know it until we read it in the papers. Certainly we were suspicious when we received the subpoenas from the committee.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Yes. But that is all from this witness.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Lochary.

The CHAIRMAN. Be sworn, please, sir.

Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LOCHARY. I do.

TESTIMONY OF DEAN LOCHARY

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. LOCHARY. Dean Lochary, 9403 Hartford Road, Baltimore, Md. I am employed by the McCloskey Co.

The CHAIRMAN. In what capacity?

Mr. LOCHARY. Operating engineer.

The CHAIRMAN. Do you waive counsel?

Mr. LOCHARY. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. I would like to have Mr. Tierney ask him a few questions.

The CHAIRMAN. All right, Mr. Tierney; proceed.

Mr. TIERNEY. Mr. Lochary, you are a member of the Operating Engineers Union?

Mr. LOCHARY. Yes, sir.

Mr. TIERNEY. Were you employed on the Patapsco tunnel project in Baltimore, Md.?

Mr. LOCHARY. Yes, sir.

Mr. TIERNEY. For whom were you employed?

Mr. LOCHARY. Merritt-Chapman & Scott.

Mr. TIERNEY. In what capacity?

Mr. LOCHARY. As master mechanic.

Mr. TIERNEY. Generally, what are your responsibilities as a master mechanic?

Mr. LOCHARY. Well, hiring and placing the operators and mechanics, and taking care of the repair work.

Mr. TIERNEY. You are familiar with all of the equipment that is used on the job?

Mr. LOCHARY. Well, most of it; yes.

Mr. TIERNEY. Is that, in effect, your responsibility, among other things, to handle not only the operators, but to make sure that the equipment is in order, too?

Mr. LOCHARY. That is right.

Mr. TIERNEY. Under your supervision—is making sure that the equipment is supplied with petroleum or diesel fuel. Is that one of your responsibilities?

Mr. LOCHARY. Most of the time, yes. I mean directly.

The CHAIRMAN. I didn't understand you.

Mr. LOCHARY. I say directly, yes.

Mr. TIERNEY. Were you assigned to the project, the Patapsco tunnel project, roughly, from the outset?

Mr. LOCHARY. I didn't understand you.

Mr. TIERNEY. Were you assigned to that project roughly from the beginning?

Mr. LOCHARY. No, not directly; no. I would just instruct the men that was operating it and such as that.

Mr. TIERNEY. But you were there working from the beginning of the project?

Mr. LOCHARY. That is right.

Mr. TIERNEY. Have you ever heard of Penn Products Co.?

Mr. LOCHARY. Yes; I heard of them.

Mr. TIERNEY. Did you ever see any equipment of Penn Products Co. on the job while you were there?

Mr. LOCHARY. Not that I recall of.

Mr. TIERNEY. Would you explain briefly to the committee exactly how the fuel was placed in the equipment on the project?

Mr. LOCHARY. Well, the majority of it on the water rigs were fueled up from the Gulf Oil pier.

The CHAIRMAN. From Gulf?

Mr. LOCHARY. They had an oil pier there. They would move the rigs in and fill them. We had pretty good storage on them, 10,000 or 12,000 gallons. They didn't have to be fueled up too often.

The other equipment was fueled up by some of the equipment fueled right from the pump that was on shore, and some it by hand. There was different ways.

Mr. TIERNEY. As far as you know, was all the equipment filled directly through the Gulf Oil plant or by Merritt-Chapman & Scott people?

Mr. LOCHARY. Well, what was on the water, that equipment, that was filled directly from the bulk or the oil pier, and the other was filled from tanks.

Mr. TIERNEY. Were you aware of any equipment of Penn Products Co. there filling the job equipment with petroleum products?

Mr. LOCHARY. No, sir.

Mr. TIERNEY. None at all?

Mr. LOCHARY. No, sir.

Mr. TIERNEY. Did you ever see a Penn Products representative there?

Mr. LOCHARY. Well, I think I met a salesman, or a couple of guys when the job first started.

Mr. TIERNEY. But thereafter, did you see any representatives of Penn Products?

Mr. LOCHARY. Not that I recall.

Mr. TIERNEY. And you saw no equipment of theirs used to fill the equipment working on the project?

Mr. LOCHARY. Not as I recall of it.

Mr. TIERNEY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you.

Call the next witness.

Mr. KENNEDY. I want to call a member of the staff, Mr. Chairman, Mr. Charles E. Wolfe.

The CHAIRMAN. Mr. Wolfe, have you been previously sworn in this series?

Mr. WOLFE. Yes, sir; I have.

The CHAIRMAN. You will remain under the same oath. Proceed.

TESTIMONY OF CHARLES E. WOLFE—Resumed

Mr. KENNEDY. Mr. Wolfe, in connection with this investigation you have examined the invoices of the Esso Co. and the Gulf Co. to the Penn Products Co.; is that right?

Mr. WOLFE. That is right.

Mr. KENNEDY. And you have also examined the invoices of the Penn Products Co. to Merritt-Chapman & Scott?

Mr. WOLFE. Yes, sir.

Mr. KENNEDY. I would like to have you tell the committee whether an examination of those invoices shows that the Penn Products Co.

was billing the Merritt-Chapman & Scott Co. more than the Esso Co. or the Gulf Oil Co. was billing Penn Products.

Mr. WOLFE. Yes, they did. They showed that in every case Penn was charging more than they paid the Gulf and Esso companies.

Mr. KENNEDY. What was the differentiation? For instance, on the Esso contract, how much was it extra that Penn Products received by having the bills sent through their company?

Mr. WOLFE. They made a total profit on the Esso products of \$4,764.05.

Mr. KENNEDY. How much did they make on the Gulf products?

Mr. WOLFE. They made a profit of \$19,824—excuse me. That is wrong. I am reading the wrong figure.

The CHAIRMAN. A little louder, please. Start over. On Esso it was what?

Mr. WOLFE. Do you want the Esso again?

Mr. KENNEDY. Can I ask him whether these figures are correct?

The cost to Merritt-Chapman & Scott was \$56,710.09; is that right?

Mr. WOLFE. On the Esso products.

Mr. KENNEDY. The cost to Penn Products for that material was \$51,964.04?

Mr. WOLFE. On the Esso products.

Mr. KENNEDY. And the difference there was \$4,764.05, which was the difference between the billing from Penn to Merritt-Chapman & Scott and from Esso to Penn?

Mr. WOLFE. Right.

Mr. KENNEDY. They made a flat profit on that of \$4,764 for just handling the paper work?

Mr. WOLFE. That is right.

Mr. KENNEDY. And for the Gulf products, the total cost to Merritt-Chapman & Scott was \$90,244.42; right?

Mr. WOLFE. That is correct.

Mr. KENNEDY. And the total cost to Penn Products was \$75,183.64?

Mr. WOLFE. Yes, sir.

Mr. KENNEDY. For a total profit there of some \$15,060.78?

Mr. WOLFE. Right.

The CHAIRMAN. How much?

Mr. KENNEDY. \$15,060.78. Is that right?

Mr. WOLFE. Yes, sir.

Mr. KENNEDY. So the total cost to Merritt-Chapman & Scott on this one contract was \$146,854.51?

Mr. WOLFE. That is correct.

Mr. KENNEDY. The total cost to Penn Products was \$127,129.68?

Mr. WOLFE. That is right.

Mr. KENNEDY. Making a total profit to Penn Products and a loss to Merritt-Chapman & Scott because of this arrangement of \$19,824.83?

Mr. WOLFE. That is right.

Mr. KENNEDY. So they lost over 10 percent.

They made what amounts to about a 10 percent payoff for this contract?

Mr. WOLFE. It is a little better than 10 percent.

Mr. KENNEDY. Is that correct?

Mr. WOLFE. Yes sir.

Mr. KENNEDY. Mr. Chairman, there is no question that there was no services at all performed by the Penn Products Co.

The CHAIRMAN. In other words, Penn Products Co. got \$19,800-plus for doing nothing but writing out bills?

Mr. WOLFE. That is right.

The CHAIRMAN. That is, so far as we have been able to ascertain?

Mr. WOLFE. So far as we can tell.

The CHAIRMAN. They supplied no equipment; they had no supervision; they actually made no sales; they did nothing except to receive the bills from the supplier of the products and then to re-bill to the purchaser of the products; is that it?

Mr. WOLFE. Yes.

The CHAIRMAN. In other words, for re-billing, that is what it amounts to, they made this profit?

Mr. WOLFE. Well, they had some paperwork.

The CHAIRMAN. Well, that is re-billing. All right.

Mr. KENNEDY. That is all.

The CHAIRMAN. The committee will stand in recess until 2 o'clock. (Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 12:17 p.m. the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the time of reconvening: Senators McClellan and Mundt.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Owens.

The CHAIRMAN. Mr. Owens, you do solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. OWENS. I do.

TESTIMONY OF G. GUY OWENS, ACCOMPANIED BY COUNSEL, PETER CAMPBELL BROWN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. OWENS. My name is G. Guy Owens, 20 Park Avenue, New York. I am procurement manager of Merritt-Chapman & Scott Corp., 260 Madison Avenue, New York.

The CHAIRMAN. Thank you, sir. Do you have counsel?

Mr. OWENS. Yes.

The CHAIRMAN. Counsel, identify yourself, please.

Mr. BROWN. Peter Campbell Brown, a member of the firm of Manning, Hollinger & Shea, 41 East 42d Street, New York City, general counsel for Merritt-Chapman & Scott.

The CHAIRMAN. Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Chairman, with the last witness this morning we developed the fact that Merritt-Chapman & Scott had placed an order with Esso to deliver their oil and petroleum products after April of 1955.

In the letter that was sent out on April 28, 1955, which is committee exhibit No. 72, it was stated:

Our purchase order will be placed with Penn Products Co, whom you will invoice at prices stated above for any materials furnished us on this project.

The letter is signed by Guy Owens. You wrote that letter?

Mr. OWENS. I did.

The CHAIRMAN. This is some 4 months after this company, after Esso, had been delivering it?

Mr. KENNEDY. No. This is the company that then took up the delivery.

The CHAIRMAN. This is the one that is about a week after the other negotiations fell through?

Mr. KENNEDY. Yes; that is right.

The CHAIRMAN. Present the letter to the witness.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. OWENS. This is a copy of the letter I wrote.

Mr. KENNEDY. Mr. Owens, the last paragraph states:

Our purchase order will be placed with Penn Products Co., Somerville, Mass., whom you will invoice at prices stated above for any materials furnished us on this project.

What was the reason for that? Why did you tell them to invoice Penn Products Co.?

Mr. OWENS. Those were the prices we agreed upon with Esso Standard.

Mr. KENNEDY. Why was it handled through the Penn Products Co.?

Mr. OWENS. I don't know. I was told to place the order through Penn Products.

Mr. KENNEDY. Who gave you those instructions?

Mr. OWENS. Mr. R. O. Baum, vice president of the company.

Mr. KENNEDY. Mr. Baum, who is the vice president of the company?

Mr. OWENS. Of Merritt-Chapman & Scott Corp.

Mr. KENNEDY. Wasn't this an unusual way of handling the situation?

Mr. OWENS. Normally the higher officers decide on the award of oils and lubricants.

Mr. KENNEDY. The higher officers make those decisions?

Mr. OWENS. Yes. The vice presidents of a company.

Mr. KENNEDY. Why was the Esso Co. instructed to handle this through the Penn Products Co.? Why was that done in this case?

Mr. OWENS. My only answer, sir, is that I was told to do it that way.

Mr. KENNEDY. Did you ever inquire into the reason for it?

Mr. OWENS. I did not.

Mr. KENNEDY. You never had any conversations about what the reason was?

Mr. OWENS. No.

Mr. KENNEDY. Did you know Charlie Johnson was connected with the Penn Products Co.?

Mr. OWENS. No.

Mr. KENNEDY. Did you know any union official was connected with the Penn Products Co.?

Mr. OWENS. No.

Mr. KENNEDY. Did you have any information to the effect that there was any union connection with this company?

Mr. OWENS. No, sir.

Mr. KENNEDY. I have the letter of December 28, 1955, to the Gulf Oil Co. This letter is exhibit No. 74. In it it states:

In accordance with our telephone conversation of today with your Mr. Godley, we are writing to ask you if you will be willing to invoice fuel oil and diesel oil called for in our contract and amendments thereto to the Penn Products Co., 94 Vermont Street, Somerville, Mass.

Why did you tell the Gulf Oil Corp. to invoice the Penn Products Co.?

Mr. OWENS. Subsequent to the placing of the order with Penn Products designating Esso Standard, the job was in need of additional storage space and found that there was available ground on the property of the Gulf Oil Co. in Baltimore. The job called and said that they would like to have the use of that space, and would I see if I could lease it.

I approached the Gulf Oil Co. As I remember, their statement was that they were not in the real estate business, not interested in leasing land, but if they could furnish our diesel oils and fuel oils they might be able to arrange for us to use part of the property.

Mr. KENNEDY. They wanted to make a contract with you?

Mr. OWENS. Yes.

Mr. KENNEDY. So then you terminated the contract that you had had with the Esso Co.?

Mr. OWENS. I negotiated a release, if you please, favorably, and placed the order with Gulf.

Mr. KENNEDY. All right.

Now, in this letter, after you had made the contract with Gulf, Gulf was making a delivery of the oil and the petroleum products. Then on December 28, 1955, you wrote them that they should invoice for the fuel oil and the diesel oil—they should invoice the Penn Products Co.

What was the reason for doing that?

Mr. OWENS. I did not mention Penn Products when I first talked with Gulf. Whether it was an oversight or what, I can't say now. But I didn't bring them into the picture. They found that they were not getting oil any more from—that we were not getting oil any more from Esso, and hence, they were not billing us, Esso was not passing papers through them, and they did not bill us. So they inquired why. They protested that they were not getting the business under their order.

Mr. KENNEDY. Why didn't you terminate the contract with them as you had terminated the contract with Esso?

Mr. OWENS. It did not affect the lubricants, the arrangement I made with Gulf. To that extent it would have carried on with Penn Products.

Mr. KENNEDY. And also with Esso, then?

Mr. OWENS. Yes. To that extent.

Mr. KENNEDY. Why didn't you terminate the same contract with Esso, why didn't you terminate that with Penn Products?

Mr. OWENS. Negligence, I presume. I have no answer for that.

Mr. KENNEDY. On whose part?

Mr. OWENS. Mine.

Mr. KENNEDY. This wasn't your responsibility as to why this contract was made originally with Penn Products. Why did you continue this arrangement with Penn Products? They weren't supplying you with anything.

Mr. OWENS. They protested and I referred the matter again to the vice president.

Mr. KENNEDY. What did he say?

Mr. OWENS. He told me we had a contract with Penn Products and we would have to abide by it.

Mr. KENNEDY. Who was the vice president that you referred this to?

Mr. OWENS. Mr. Baum.

Mr. KENNEDY. Then further in this letter you state:

You will invoice Penn Products at the prices stated in our order or less if you recognize them as a distributor.

Why were you solicitous in favor of Penn Products Co.?

Mr. OWENS. I had the happy thought at the time that they would share any benefits with us.

Mr. KENNEDY. Had you worked that out with them at all?

Mr. OWENS. I had not.

Mr. KENNEDY. Why were you suggesting that? Why didn't you leave the arrangements that they might make up to the Penn Products Co.?

Mr. OWENS. If they had a previous arrangement with Gulf, which I did not know about, and Gulf had previously recognized them as a distributor, I would not be disposed to upset that.

Mr. KENNEDY. Yes; but why didn't you just leave that to the arrangements that Penn Products could make with the Gulf Oil Co.? Why did you enter into that to make a suggestion?

Mr. OWENS. Well, let's say I talk too much.

Mr. KENNEDY. Penn Products never did anything for Merritt-Chapman & Scott, and yet got paid \$19,000 for just handling the paper. What was the reason for it?

Mr. OWENS. I don't know.

Mr. KENNEDY. Actually, it was just a payoff to a union official, was it not, by the Merritt-Chapman & Scott Co.?

Mr. OWENS. I don't know.

Mr. KENNEDY. Can you give any other explanation as to why they would make this arrangement, have this correspondence, and go through all this effort to make sure that Penn Products got some of the business?

Mr. OWENS. No; the decision had been made to handle it this way.

Mr. KENNEDY. And that decision was not made by you?

Mr. OWENS. I did not.

The CHAIRMAN. Did Penn Products contribute anything, render any service, furnish any equipment, or actually supply anything?

Mr. OWENS. Besides the oils and lubricants?

The CHAIRMAN. They didn't supply any of those. You got those from Gulf and Esso. You didn't get them from Penn. They simply sent a bill. Isn't that the truth?

You actually got the products from Esso and from Gulf, didn't you?

Mr. OWENS. So far as I know.

The CHAIRMAN. So far as you know?

Mr. OWENS. Yes.

The CHAIRMAN. And the only thing that Penn did, so far as you know, was to submit a bill, isn't that correct?

Mr. OWENS. There were one or two other items on the order to Penn Products, some of which may have been their own grease, for instance.

The CHAIRMAN. Do you know of any such product that you can testify to?

Mr. OWENS. That they delivered to the job?

The CHAIRMAN. Yes.

Mr. OWENS. No.

The CHAIRMAN. What I am trying to find out is: Was any service actually rendered by Penn at all? Why were they in the picture? Why did they have anything to do with it? They had no products to sell. They went to the supplier whom you could have gone to, and whom you did go to, and got a supply. The only thing I can see is that you just arranged to bill it through them so they could get a commission or get some profit out of it for doing nothing.

Have you any other explanation of it?

Mr. OWENS. I don't know the reason.

The CHAIRMAN. Very well. Proceed.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Baum.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BAUM. I do.

TESTIMONY OF ROLLAND O. BAUM, ACCOMPANIED BY COUNSEL, PETER CAMPBELL BROWN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. BAUM. My name is Rolland O. Baum. I live at 4390 Chickering Lane, Nashville, Tenn. I am presently the president of Tennessee Products & Chemical Corp. in Nashville.

The CHAIRMAN. Do you have counsel?

Let the record reflect the same counsel, Mr. Brown, who appeared for the previous witness. He appears for Mr. Baum.

All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Baum, you were formerly associated with the Merritt-Chapman & Scott Co.?

Mr. BAUM. Yes, sir; I was.

Mr. KENNEDY. You were executive vice president in charge of procurement at the time of the Patapsco Tunnel project?

Mr. BAUM. That is correct.

Mr. KENNEDY. Mr. Baum, could you tell the committee when you first learned of the connection of Charlie Johnson with the Penn Products Co.?

Mr. BAUM. Well, just what do you mean by "connection"?

Mr. KENNEDY. Well, association.

Mr. BAUM. To my recollection, sometime early in 1953 I got an inclination that Charlie Johnson was in some way connected with Penn Products or with the people in Penn Products.

Mr. KENNEDY. Where did you receive that information?

Mr. BAUM. I think I perhaps got it in conversation with one of the Weiss brothers.

Mr. KENNEDY. And you knew Charlie Johnson at that time to be a member of the general executive board of the Carpenters?

Mr. BAUM. I knew he was connected with the Carpenters Union; yes.

Mr. KENNEDY. Is that the reason that the contracts awarded by Merritt-Chapman & Scott dealing with oil and petroleum products on this Patapsco Tunnel project were awarded to Penn Products Co.?

Mr. BAUM. No, sir.

Mr. KENNEDY. What was the reason that the billing was handled in the fashion that it was in connection both with the Esso Co. and the Gulf Oil Co.?

Mr. BAUM. To answer that question, I will have to give you just a little history. The company had been doing business with Penn Products since before the time I came with them in 1949. I don't know exactly how long before that, but I understand that it was quite a number of years.

They were a supplier on our regular bid list. During the period that I am familiar with Penn Products, they received maybe 5 percent of our petroleum business. That business was awarded to them usually on the basis of the service that they supplied to us on the type of job where we required special deliveries.

As far as the Patapsco job was concerned, when that job was started it was anticipated that we would require special delivery service on it, and that is the reason that the arrangement was made with Penn Products.

Mr. KENNEDY. Was it contemplated or expected that the Penn Products Co. would supply some delivery service?

Mr. BAUM. At the time the job started it was contemplated.

Mr. KENNEDY. Was there a contract to that effect entered into?

Mr. BAUM. Nothing stipulated in our order to them, but it was normal. They had been doing it for years on that basis.

Mr. KENNEDY. Well, when you are going to make a contract and you expect a company to perform a service, supply goods and perform a service, isn't it usual for you to put those terms in a contract that you are going to have with that company?

Mr. BAUM. If it were a new supplier, definitely yes. If it is someone you have had experience with over the years, and it is more or less of a routine thing, not necessarily.

Mr. KENNEDY. Where was it ever arranged in writing of any kind that the Penn Products Co. was to supply some services to the Patapsco Tunnel project?

Mr. BAUM. It wasn't in the Patapsco Tunnel project.

Mr. KENNEDY. Did they ever supply any services?

Mr. BAUM. In that project they did not.

Mr. KENNEDY. Was it ever stipulated in writing that they were to supply services?

Mr. BAUM. No, sir.

Mr. KENNEDY. Tell me this: On the contract that was made in April of 1955, the first one, with the Esso Standard Oil Co., why wasn't the contract entered into directly with the Penn Products Co. and have them make their own arrangements for the purchase of oil?

Mr. BAUM. In several prior instances it had been done on that basis. But we had received complaints from some of our good customers in the oil business who used Merritt-Chapman for construction projects that they thought we should buy our oil from them.

So in order to have better control of the source of the petroleum products, we took our own bids on the petroleum products themselves and determined which supplier we wanted to have supply it in order to get an equitable distribution of our petroleum business.

Mr. KENNEDY. All right. So Esso was going to supply under this contract, Esso was going to supply the oil and the petroleum products?

Mr. BAUM. That is right.

Mr. KENNEDY. And Penn Products Co. was to supply the service?

Mr. BAUM. Correct.

Mr. KENNEDY. The only part that Penn Products was to play in this was for the servicing; is that right?

Mr. BAUM. That is correct, other than some of the lubricants.

Mr. KENNEDY. Can you explain to the committee, if the only thing that Penn Products Co. was supposed to do with this was to supply the service, when you had made a contract with the Esso Co., why there was nothing in writing about that?

Mr. BAUM. All I can say on that is that it was a transition period, and in prior instances the orders had been placed directly with Penn without any negotiations with the oil companies and they had supplied the oil and the service.

Mr. KENNEDY. You know, Mr. Baum, this just doesn't make any sense at all. You will be frank about that.

Mr. BAUM. No, I will not admit that it doesn't make sense, because it is a matter of record that they had provided service on prior jobs and the prior jobs didn't stipulate it either. It is a matter of a manner of doing business.

Mr. KENNEDY. I question how much service they supplied on any prior job. We were told by Merritt-Chapman & Scott when we first interviewed the officials of that company, that they supplied service on every job. We started making an investigation. The first investigation we went into was in this tunnel project in Baltimore and we found that there was no service. We didn't find it because of the officials of the Merritt-Chapman & Scott Co. volunteered that information; we found it because we went and made an investigation down there ourselves.

Up until 10 days ago, the Merritt-Chapman & Scott people were insisting that there was service supplied on the tunnel project in Baltimore.

I will say that to you when you testify here before the committee that the company was getting service from the Penn Products Co.

Mr. BAUM. Were these people that had been on the job? I myself might have told you that 2 weeks ago, because I was never on that job. I did not know that there wasn't any service on it.

Mr. KENNEDY. Where were some of the places that they provided service?

Mr. BAUM. They provided service on one of the Hudson River bridge jobs.

Mr. KENNEDY. What was the service? Were you working on that?

Mr. BAUM. No. I was in procurement during my entire time.

Mr. KENNEDY. You tell me where you know they provided service. The officials dismiss this with "Well, somebody else told me that." Later on we find they didn't provide service. You tell me one place where you know they provided service.

Mr. BAUM. The only thing that I can tell you, Mr. Kennedy, is basically hearsay because I wasn't an operating man and I wasn't on the job.

Mr. KENNEDY. That is the point right here. You don't know, then, that they provided service. The only job that you know is down here at the tunnel project when they did not provide any service and they received a \$19,000 payoff.

Mr. BAUM. That \$19,000 payoff is considerably in excess of what it was calculated to be by our procurement people at the time the order was placed.

Mr. KENNEDY. Then you think you got by well?

Mr. BAUM. I think that there is something definitely wrong with the billings of that job.

Mr. KENNEDY. You did well by it, is that right, that you only had to pay off \$19,000 on this job?

Mr. BAUM. There was no payoff involved in this, Mr. Kennedy. I am talking about the differential between the price which we would have had to pay Esso on the bid they gave us and the calculated price which we planned on paying Penn Products for the service which they were supposed to have served when we first started this job, before the plans were changed.

Mr. KENNEDY. Let me ask you this: Once you found that they did not provide service in 1955, did you ask for a return of your money from them?

Mr. BAUM. I found out that they didn't provide service not in 1955, but in 1959.

Mr. KENNEDY. Has Merritt-Chapman & Scott instituted some action against the Penn Products Co. to try to get their money back?

Mr. BAUM. As of the moment we have cut them off from all the jobs they were on, and we are investigating the balance of the invoices on the other jobs.

The CHAIRMAN. As of the moment what? I didn't quite understand you.

Mr. BAUM. We have terminated their services on all jobs that they were on.

The CHAIRMAN. Their services have been simply an intermediary submitting bids heretofore; is that correct?

Mr. BAUM. At the present time I am not personally familiar with what is being done, Senator, but I have conferred with Merritt-Chapman & Scott's people and they were currently servicing on three jobs, I am told, and they had equipment and service on all three of them. That was terminated, however, as of this week.

Mr. KENNEDY. They started providing some service after we began our investigation.

Mr. BAUM. They were providing service before that, Mr. Kennedy.

Mr. KENNEDY. Can you give me an instance?

Mr. BAUM. I know of several instances that I have been told of that they provided service on. I can't give you my own visual assurance of that.

Mr. KENNEDY. Then you found, did you not, that they were not providing services, or the people under you found that they were not providing any services, down on the Baltimore tunnel job?

Mr. BAUM. To my knowledge, that information is as recent as the last 2 or 3 weeks.

Mr. KENNEDY. The people that were working there knew they were not providing any services.

Mr. BAUM. Apparently it wasn't communicated to the procurement office.

Mr. KENNEDY. What about when you made the contract with the Gulf Oil Co.? Did you suggest at that time to Mr. Owens that he inform the Gulf Oil Co. that they handle this deal through the Penn Products Co. and invoice the Penn Products Co.?

Mr. BAUM. To my recollection, Penn Products complained when the shipments through Esso declined, and Mr. Owens referred them to me, because I had directed him to issue the first order to Penn Products. On the basis of the complaint and the contract we had with Penn Products, I felt that they were justified in complaining, and asked Owens to make the arrangement for Gulf to bill through Penn just the way Esso had been doing.

Mr. KENNEDY. Why did you think they were justified in their complaint?

Mr. BAUM. Because we had a contract with them to supply the job requirements of fuel and diesel oil and the service that went with it.

Mr. KENNEDY. They were complaining. You had a contract with them. What it amounted to is supplying service in this tunnel job. They started complaining because they were not getting the work. You made arrangements then for them to be invoiced for the oil and petroleum products that you were purchasing from the Gulf Oil Co.?

Mr. BAUM. That is correct.

Mr. KENNEDY. They were not supplying services at that time. They were not supplying the services for which they were being paid.

Mr. BAUM. Neither Mr. Owens nor I were aware of that.

Mr. KENNEDY. When they came and complained to you, didn't you have any conversations with them along that line, to find out if they were in fact performing their contract?

Mr. BAUM. No.

Mr. KENNEDY. What it amounted to was giving them another gift of \$15,000, Mr. Baum?

Mr. BAUM. Mr. Kennedy, the total amount which they should have received in excess of the prices that Gulf and Esso would have billed us should not have been over three, four, or five thousand dollars, tops, according to the calculations that we have made in the last week.

Mr. KENNEDY. What was that again? I didn't hear you.

Mr. BAUM. The total difference between the prices that Gulf and Esso would have billed us at and the prices Penn Products should have billed us at, should not have been over three, four, or five thousand dollars for that whole job.

It was five-hundredths of a cent per gallon on fuel oil and it was a cent and a third a gallon on gasoline.

Mr. KENNEDY. What it amounted to ultimately was that you paid them \$19,000 extra.

Mr. BAUM. Well, someplace there is \$12,000 or \$14,000 that we have been hoodwinked out of as of the moment.

Mr. KENNEDY. It is not a question of being hoodwinked, because I would think it is clearly demonstrated from the documents that your company very willingly entered into this arrangement.

Mr. BAUM. The arrangement was supposed to have cost us three, four, or five thousand dollars for the services which we thought we were getting, which I thought we were getting.

Mr. KENNEDY. And which nobody in one of the major construction companies in the country—you continued to pay over a period of several years a total of \$19,000 for services that you never received?

Mr. BAUM. Mr. Kennedy, I spent in the neighborhood of \$200 million a year for this corporation, something over 50,000 purchase orders a year. This was not a big matter so far as our normal day-to-day operations were concerned, and it is possible I never would have heard of it.

Mr. KENNEDY. You evidenced quite a bit of interest to make sure that Penn Products Co. was receiving its money—Mr. Baum, you evidenced a considerable amount of interest during the course of this contract to insure that the Penn Products Co. was receiving its money.

Mr. BAUM. That they were receiving their money? Only when a complaint was brought to me, Mr. Kennedy. I didn't originate it.

Mr. KENNEDY. This was a complaint that they were not getting paid for what amounted to a service they were not rendering.

Mr. BAUM. I was still unaware of it at the time.

Mr. KENNEDY. But before you paid them, I would think that you would find out, as a common, ordinary business practice, whether they were in fact performing the contract, if, as you say, they were supposed to do anything originally, that is.

Mr. BAUM. If you are doing business with an outfit over a period of years and they have been operating satisfactorily, you don't waste a lot of time checking those things.

Mr. KENNEDY. What you have here, Mr. Baum, is that you entered into a contract for services with the contract never stipulating that that was the purpose of the contract.

Mr. BAUM. That is correct.

Mr. KENNEDY. And then the company, the Penn Products Co., which was supposed to perform the services, never performed them, and then complained that they weren't being paid on the contract and receiving the money for services that they never performed in the first place, and that the Merritt-Chapman & Scott went and paid them the money.

It doesn't make any sense at all, does it?

Mr. BAUM. I am just thinking from a timing standpoint this complaint was when? I have no papers on this. When was it?

Mr. KENNEDY. The first contract was entered in April of 1955. Then you entered into another stipulation in December of 1955.

Mr. BAUM. Wasn't the Gulf changed—

Mr. KENNEDY. The second letter was written in December of 1955, after you had entered into a contract with Gulf in September of 1955.

Mr. BAUM. It is quite possible that the work up to that time had been just land-based work, in which case the service wouldn't have been required until they got to the water work.

I only offer that as a possible explanation. I don't know.

Mr. KENNEDY. The record shows they got paid for services up until December.

Mr. BAUM. Well, naturally, the contract covered all of the materials supplied, not just that supplied specifically by their services.

Mr. KENNEDY. The fact of the matter is that the reason it was handled in this way was because of Charlie Johnson's connection with the Penn Products Co.?

Mr. BAUM. No, sir; it was not.

Mr. KENNEDY. This was a payoff by your company to Charlie Johnson?

Mr. BAUM. It was not a payoff, Mr. Kennedy. At the time that I first heard the rumors of Mr. Johnson's connection, we got a Dun & Bradstreet on Penn Products, and there was no evidence in there, in Dun & Bradstreet, that anybody owned any part of it except the Weiss Brothers. Whether Mr. Johnson's connection was friendship or what it was, we had no further knowledge of it at that time.

His exact connection, of course, was revealed here last week.

Mr. KENNEDY. You broke off the contract with the Esso Co. in September of 1955. You could have also broken off the contract with the Penn Products Co.

Mr. BAUM. Undoubtedly we could have.

Mr. KENNEDY. Why didn't you do that?

Mr. BAUM. Because we had no reason for doing it, to my knowledge.

Mr. KENNEDY. You had the reason that they weren't doing anything for you.

Mr. BAUM. But I didn't know that.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you.

Call the next witness.

Mr. BROWN. Mr. Chairman, in the interest of clarity, I respectfully request that the record show that there is a Penn Products Co. and a Penn Products Corp. In view of some of Mr. Kennedy's statements charging a payoff to a union official, testimony taken on Friday last, and appearing on page 912, when Mr. Weiss was here, under interrogation by your chief counsel, testified that it was the Penn Products Corp. that Mr. Johnson was associated with.

I respectfully ask the chairman to be good enough to include this on the record.

The CHAIRMAN. I think that is correct. That is the Chair's recollection.

So wherever the word "Company" was used today in the interrogation, it should be "Corporation." Is that correct?

Mr. BROWN. Well, Mr. Chairman, what I have in mind is that in view of the charges of Mr. Kennedy alleging a payoff to a union official, I respectfully state that the testimony to date is to the effect that Mr. Johnson was associated with the Penn Products Corp.

However, sir, I respectfully submit that at no time did Merritt-Chapman & Scott do business with the corporation, but any business done at any and at every time with Penn Products was with the Penn

Products Co., with which business entity Mr. Johnson, to our knowledge, has had, and has today, no association whatsoever.

The CHAIRMAN. Do you know whether he has or has not?

Mr. BROWN. Our knowledge, sir, is that he has not, to the best of our knowledge, and as the result of our own investigation.

The CHAIRMAN. My recollection is the testimony previously was to the effect—when Mr. Weiss was on the stand—that it was the corporation, Penn Products Corp. That is my recollection of the title used in that interrogation.

Mr. BROWN. Yes, sir; I agree with the Senator.

The CHAIRMAN. That is my recollection.

Mr. BROWN. Yes sir; but the point that I would like to make, Mr. Chairman, is merely this, if I may restate it again—

The CHAIRMAN. I don't know whether company and corporation are used interchangeably or not. We will have to look into it.

Mr. BROWN. I appreciate the opportunity of making this statement, Senator.

Mr. KENNEDY. Could I carry this on a moment with you so that the record is completely clarified on this point?

The testimony shows that Mr. Weiss, according to his own testimony, brought Mr. Charlie Johnson into this situation in order to make the contacts with these various companies. One of the companies with which he made the contact, and on which he received commissions, was the Merritt-Chapman & Scott Co. This was one of the companies that he brought in and was given credit for with the Penn Products group.

Charlie Johnson received money from this contract that was awarded by the Merritt-Chapman & Scott Co. to the Penn Products Co. There is no question about that. He received money. This money that was paid by the Merritt-Chapman & Scott Co. went in part to Charlie Johnson.

Mr. BROWN. I have no knowledge, sir, with regard to that. But in view of your testimony now that you have afforded us—

Mr. KENNEDY. No; I am summarizing the testimony of Mr. Weiss and our own accountant who put these figures into the record.

Mr. BROWN. Mr. Chairman, in view of these recent observations of your counsel, I would appreciate the opportunity to say a few more words on that point, if I may.

Over a period of years, and it is my understanding that the Penn Products Co. was organized in 1935, from 1935 up until 1949 they did do business with Merritt-Chapman & Scott.

Mr. KENNEDY. That is also in the record.

Mr. BROWN. Please let me say this, if I may:

In 1949, the Penn Products Corp. was formed, and Mr. Weiss has testified that Mr. Johnson was associated with that corporation. I would like, sir, to state again, if I may, that at no time in the history of Merritt-Chapman & Scott operations have they done any business whatsoever with the Penn Products Corp. with which Mr. Johnson was associated. It is the Penn Products Co., and there has never been any testimony that Mr. Johnson was associated with the company.

Therefore, sir, I fail to follow your charge that there was a payoff to a union official when there has been no testimony that a union official was associated with the company with which Merritt-Chapman & Scott has done business.

Mr. KENNEDY. But the contract was handled and the commissions were awarded based on this contract with Merritt-Chapman & Scott, and the money went directly, at least a part of the money went directly to Charlie Johnson. There is no dispute about it, Mr. Brown.

Then as to the second point that you raised about the fact that the Penn Products Co. has been doing business with Merritt-Chapman & Scott during the 1940's, I would like to ask you this question: Had Merritt-Chapman & Scott purchased any gasoline or diesel fuels from the Penn Products Co. prior to 1949?

Mr. BROWN. Mr. Kennedy, on that point I am not informed. I arose and asked permission of the Chair in the interest of clarity and in view of some observations that you made and in my book they were absolutely without any foundation whatsoever. I felt that I had a burden and I appreciate the opportunity that the chairman has been generous enough to provide in order that I clear the record as best I can.

The CHAIRMAN. The Chair has indulged you because I don't want any errors, and I am not trying to build a false record. I remember there were the two, the corporation and also the company. I don't know whether they were used interchangeably or whether they were one and the same or not. But anyway, I think a reading of the record will clarify the whole thing.

Mr. BROWN. I appreciate it very much.

The CHAIRMAN. If Mr. Johnson actually participated in it, the record should show it, and if he didn't, it should show otherwise.

Thank you very much. Call the next witness.

Mr. BROWN. Thank you very much.

Mr. KENNEDY. Mr. Chairman, as the question has been raised it might be well that we call the investigator and show the interrelationship between the Penn Products Co. and the corporation.

The CHAIRMAN. All right, Mr. Tierney, will you come around.

Mr. Brown, will you listen to this testimony, and this maybe will clear it up. You may listen. We invite your attention to it, and maybe this will clear it up.

Mr. Tierney, have you been previously sworn?

Mr. TIERNEY. I have.

TESTIMONY OF PAUL J. TIERNEY—Resumed

The CHAIRMAN. Have a seat, Mr. Tierney.

Mr. KENNEDY. Mr. Tierney, would you explain to the committee the interrelationship between the Penn Products Co. of Somerville, Mass., and the Penn Products Corp. of New York, and how the Penn Products Corp. was formed according to the testimony, and the arrangement that was made as far as the commissions are concerned on the sales to companies such as Merritt-Chapman & Scott.

Mr. TIERNEY. According to Mr. Edward Weiss' testimony before the committee, the Penn Products Corp., which was incorporated in New York, was formed around Charlie Johnson, Jr., and the purpose of the formation of the company was to get contracts with major contracting companies which he indicated they could not get before. In other words, it was that they could not have their bids considered by major contracting companies. Because of Mr. Johnson's contacts with these major contracting companies, the corporation was formed

about him, and the contacts to get the business from the major construction companies was facilitated through Mr. Johnson.

The CHAIRMAN. Which company was that?

Mr. TIERNEY. That is Penn Products Corp. in New York.

The CHAIRMAN. That is the one he testified about here when he was on the witness stand?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. It was Penn Products Corp., which was formed, and Mr. Johnson recommended or intervened, to get business from some 19 different contractors; am I correct?

Mr. BROWN. Yes, sir.

Mr. TIERNEY. That is correct.

The CHAIRMAN. And this company was named as one of them; is that on the list?

Mr. TIERNEY. Merritt-Chapman & Scott was one of the companies on the list from which he received commissions, and that was an account that he had brought.

The CHAIRMAN. And Mr. Weiss so testified; is that correct?

Mr. TIERNEY. That is correct.

Now, Penn Products Co., which is on this purchase order, and that is the company with which Merritt-Chapman made the contract, is a Massachusetts corporation.

Mercury Oil Co. is another Massachusetts corporation. All three corporations are run by Mr. Edward Weiss, and he is the president and treasurer of these corporations, and all three corporations have their office at 94 Vernon Street, in Somerville, Mass.

The CHAIRMAN. Are they all under the same ownership?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. They are all run by Edward Weiss?

Mr. TIERNEY. He operates all of them.

Senator MUNDT. And is Mr. Johnson connected with all three of them?

Mr. TIERNEY. Mr. Johnson's wife held 25 percent of the stock in Penn Products Corp., a New York corporation, and Mr. Johnson himself was a salesman for Penn Products Corp. for which he received commissions.

The CHAIRMAN. After profits; isn't that right?

Mr. TIERNEY. Fifty percent of the profits. Now, these commissions were based on accounts which Mr. Johnson brought in according to Mr. Weiss' testimony, and they included Merritt-Chapman & Scott and other corporations.

Mr. KENNEDY. And they were accounts that were brought in to any one of these three companies?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. No matter which company signed the contract?

Mr. TIERNEY. As a matter of fact, the proof of that is that I am sure Merritt-Chapman & Scott has had no contracts with Penn Products Corp.

Mr. BROWN. That was the point that I made, Mr. Chairman.

The CHAIRMAN. But the point is, if they had one with the company, Penn Products Co., Johnson got his 50 percent of the profit out of it.

Mr. TIERNEY. From a technical standpoint, his profits were not based only on contracts between Penn Products Corp. and the construction companies. For example, as I said, and I repeated, and I think it is important, that Merritt-Chapman & Scott, for example, had no contracts with Penn Products Corp., and their contracts were with Penn Products Co., and nevertheless based on those contracts Charles Johnson received commissions.

The CHAIRMAN. Is that positive in the record?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. That from this contract with Penn Products Co., Johnson received by reason of his contract with Penn Products Corp., Johnson received his 50 percent of the profits; is that correct?

Mr. TIERNEY. That is correct. And Johnson made the contacts and the contract resulting from that was between Penn Products Co. and the contractors, but he still received the commissions, regardless of whether or not he had an interest in Penn Products Co., or his wife had no interest.

The CHAIRMAN. Here is the real test: Here is \$19,000 involved here; is that correct?

Mr. TIERNEY. Yes, sir.

The CHAIRMAN. According to the testimony.

Mr. BROWN. We are not informed as to the precise amount, but according to the testimony you are correct, Senator.

The CHAIRMAN. Out of that \$19,000, did Johnson get a part of the profits?

Mr. TIERNEY. Now when we talked with Mr. Edward Weiss, we could not pin down that he would get profits from this specific job or that specific job, because he said that he merely determined the net profits from an individual job and split them half and half, and Johnson got half and the corporations got the rest. He had no basis on which he made those figures, and he had no records, and it was done out of his head, so he said.

Mr. KENNEDY. But this was one of the jobs that was included?

Mr. TIERNEY. That is right, and in other words, his testimony in effect is that when he made the original contact, all subsequent jobs made with that particular contractor were considered as Charles Johnson's account, and he received commissions accordingly.

The CHAIRMAN. Again, he received a commission from this one?

Mr. TIERNEY. That is right, from that testimony it would follow.

The CHAIRMAN. Although the Merritt-Chapman & Scott contract was with Penn Products Co., Johnson, by reason of having brought the business to Penn Products Co., got 50 percent of the profits?

Mr. TIERNEY. That is correct.

The CHAIRMAN. Are you positive about that?

Mr. TIERNEY. I am positive.

The CHAIRMAN. Did Mr. Weiss so testify?

Mr. TIERNEY. He has not specifically testified to that effect, Senator. And it is not that he has specifically testified to it, but the point is that nevertheless Charles Johnson got commissions from these contracts he brought to Penn Products.

The CHAIRMAN. Weiss did testify to that, didn't he?

Mr. TIERNEY. The best way I can state it is to go back again to that original statement that Charles Johnson, Jr., received commissions

from contracts with Merritt-Chapman & Scott. Now, Mr. Weiss testified to that fact. Yet Merritt-Chapman & Scott has never had a contract with Penn Products Co.

Mr. BROWN. We have always had it with the company and not the corporation, and you have been using them interchangeably, and that is the point.

The CHAIRMAN. I am trying to clear it up.

Mr. TIERNEY. They have never had a contract with Penn Products Corp., I am sorry.

The CHAIRMAN. That is what I understand.

Mr. TIERNEY. I will correct myself.

Mr. KENNEDY. The profit for every year and the commissions for every year, based on the contracts that Charlie Johnson was able to bring in, the profits on those contracts every year were split 50-50; is that correct?

Mr. TIERNEY. That is correct.

Mr. KENNEDY. Included in these years was the profits that were brought in on the Merritt-Chapman & Scott contracts?

Mr. TIERNEY. That is right.

Mr. KENNEDY. And the figures are all added up for the year of 1955, and 1956, and Mr. Charles Johnson received 50 percent of those profits?

Mr. TIERNEY. That is right.

Mr. KENNEDY. And this company, Merritt-Chapman & Scott Co., is included among those companies?

Mr. TIERNEY. That is right, among the 19 companies.

The CHAIRMAN. Now, did Mr. Weiss so testify?

Mr. TIERNEY. That is right.

The CHAIRMAN. We presented him with the list, and he testified that from this list, and where is that list? It is an exhibit. Let us have it. I know he testified from that list that Mr. Johnson received 50 percent of the profits.

Here is a copy of the list that is in the transcript and I had it made a part of the hearings, and midway on this list—I think there are 19 companies—is Merritt-Chapman & Scott Corp.

Mr. TIERNEY. Yes.

The CHAIRMAN. Is that the name of your people, Merritt-Chapman & Scott?

Mr. BROWN. Yes, sir.

The CHAIRMAN. Mr. Weiss included them as among the accounts from which Mr. Johnson received a commission, and the record will so reflect because the Chair interrogated him about it. He received the fees for the accounts that Johnson was given credit for having brought into the business, and that Johnson received 50 percent of the profits from these accounts.

Mr. BROWN. But, Mr. Chairman, the point that I had hoped to make was that Merritt-Chapman & Scott had for a period of years in advance of 1949, which was the year of the formation of the Penn Products Corp., been doing business with the company, and Mr. Johnson has been associated with the corporation, with which business entity Merritt-Chapman & Scott has never engaged.

Therefore, in view of the statement of Mr. Kennedy to the effect that there was an alleged payoff to a union official, it is impossible,

by virtue of the fact that the union official by testimony here was associated with the corporation, whereas Merritt-Chapman has only done business with the company.

Therefore, Mr. Kennedy's statement, which had no foundation, caused me to ask the Chair for the opportunity to straighten out the record, for which opportunity I am deeply grateful indeed.

Mr. KENNEDY. Just a moment. Don't go away. Your witness from the company testified that he understood that Charlie Johnson was connected with this company, and that he had that information.

Mr. BROWN. With the corporation, probably——

Mr. KENNEDY. With the company they were making the contract with, and he had that information back as far as January of 1953.

Then this money was paid by Merritt-Chapman & Scott, \$19,000 in extra funds for which there was no service, and at least 50 percent of the profits of that money went to Charlie Johnson, a union official.

Mr. BROWN. All of which is a part of an internal operation of a corporation with which we have nothing to do, the internal operation concerning that.

Mr. KENNEDY. I think the record stands.

Now, Mr. Tierney, you might have something further to add, but Mr. Tierney, did Penn Products Co. sell any diesel oils or diesel fuels or gasoline to Merritt-Chapman & Scott prior to the time Charlie Johnson came in as an official?

Mr. TIERNEY. Not that we know of.

Mr. KENNEDY. What were they selling prior to that?

Mr. TIERNEY. They were principally engaged in the lubricating motor oil business.

Mr. KENNEDY. And I believe on page 924, I asked Mr. Weiss as to what he did in connection with the Merritt-Chapman & Scott, and I was asking him about that, and I said:

What did Charlie Johnson do for you in that case?

And Mr. Weiss said:

When he started with us he introduced us to people there on the first job that they had, and we submitted a proposal on the job.

Then I asked:

You already knew Merritt-Chapman & Scott?

Mr. WEISS. This was a totally different group that were in control at that time.

The CHAIRMAN. The Chair made reference to some questions that he asked, and I call attention to the transcript at page 920, beginning, I think, on 919: There I asked Mr. Weiss, and I said:

To get one thing clear that I am not sure about, you said arrangements were with Mr. Johnson to have 50 percent of the profits.

Mr. WEISS. Of the net profits of any products sold.

The CHAIRMAN. Did that include all of the products sold by the Penn Products Co. which was formed right after this arrangement was made?

Mr. WEISS. No. That was only to those accounts that Mr. Johnson was responsible for.

The CHAIRMAN. Where you gave him credit for getting the account, he was to receive 50 percent?

Mr. WEISS. Of the net profit.

The CHAIRMAN. Yes, of the net profit. In addition to that, his wife received 25 percent of the other profits because she had put up \$250 for a 25 percent interest?

Mr. WEISS. Correct, sir.

The CHAIRMAN. Now we have the picture. All right.

Mr. KENNEDY. Do you have a list there?

Mr. WEISS. Yes.

Mr. KENNEDY. Would you submit that to the chairman, please?

Mr. WEISS. Yes.

The CHAIRMAN. According to the copy of the list I have here, and you can check it there, there are 19 different companies or accounts on the list; is that correct?

Mr. WEISS. Correct, sir.

The CHAIRMAN. The first one you list is Corbetta Construction Co., New York City?

Mr. WEISS. Correct.

The CHAIRMAN. And the last one is Walsh Construction Co., New York City; is that correct?

Mr. WEISS. Correct, sir.

Then I ordered the list published in the hearings.

It is not necessary to recite any further, but I think that you will find that there is no question in Mr. Weiss' testifying that out of the profits from the Merritt-Chapman & Scott account, Mr. Johnson received his share of 50 percent of the net profit.

All right, is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Thank you.

Call the next witness.

(At this point Senator Ervin left the hearing room and Senator Mundt entered the hearing room.)

The CHAIRMAN. Mr. Emanuel Weiss. Mr. Weiss, will you come around?

Mr. KENNEDY. We might have Mr. Phil Weiss at the same time.

The CHAIRMAN. Mr. Phil Weiss, will you come around also?

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. EMANUEL WEISS. I do.

Mr. PHILIP WEISS. I do.

TESTIMONY OF EMANUEL WEISS AND PHILIP WEISS, ACCOMPANIED BY COUNSEL, JOSEPH LOUISELL

The CHAIRMAN. Beginning on my left, will you state your name, and your place of residence, and your business or occupation, please?

Mr. EMANUEL WEISS. Emanuel Weiss, 1744 Covington Road, Cleveland, Ohio.

The CHAIRMAN. What is your business or occupation?

Mr. EMANUEL WEISS. On advice of counsel, I refuse to answer for the reason that the answer may tend to incriminate me.

The CHAIRMAN. Let me get the other one.

Will you give your name, and your place of residence, and your business or occupation?

Mr. PHILIP WEISS. Philip Weiss, 2956 West Park Boulevard, Shaker Heights, Ohio.

The CHAIRMAN. Will you give us your business or occupation?

Mr. PHILIP WEISS. On advice of counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. Then you do have counsel present, each of you?

Mr. PHILIP WEISS. Yes, sir.

The CHAIRMAN. Counsel, will you identify yourself for the record?

Mr. LOUISELL. Joseph Louisell, of Detroit, Mich.

The CHAIRMAN. You are licensed under the Michigan bar?

Mr. LOUISELL. A member of the bar of the State of Michigan, of the U.S. Supreme Court.

The CHAIRMAN. Will you answer this question, Mr. Emanuel Weiss: Are you a businessman?

Mr. EMANUEL WEISS. On advice of counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. Let me ask you a question. Do you honestly believe if you gave a truthful answer to the question, "Are you a businessman?" that a truthful answer might tend to incriminate you?

Do you honestly believe that? That is a question.

Mr. EMANUEL WEISS. On advice on counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, whether you honestly believe that if you gave a truthful answer to the question, "Are you a businessman?" that such a truthful answer might tend to incriminate you.

That is an order and direction of the Chair, with the approval of the committee.

Mr. EMANUEL WEISS. On advice of counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. That order and direction will continue throughout your presence here on the witness stand, and during the time that you are under the jurisdiction of this committee.

I will ask you another question. Were you subpoenaed to be present here before this committee?

Mr. LOUISELL. He was not.

Mr. EMANUEL WEISS. I was not.

The CHAIRMAN. Are you coming voluntarily?

Mr. LOUISELL. He is here by reason of counsel.

The CHAIRMAN. Now, Mr. Counsel, I will permit you to make a statement. I just wanted to get my bearings. The witness is not here by subpoena?

Mr. LOUISELL. No, Mr. Chairman, he is not here by subpoena.

The CHAIRMAN. He is here in response to a request of the committee. Is that correct, without a lawful subpoena?

Mr. LOUISELL. He is here by arrangement made by myself with Mr. Tierney, that I would bring Mr. Emanuel Weiss here at the time and place set for the appearance of Mr. Philip Weiss.

The CHAIRMAN. I want to understand this for the record: Do you waive a subpoena, and do you appear now by request of the committee? Let us get this record clear.

Mr. LOUISELL. May I answer for him?

The CHAIRMAN. No, sir. I am asking the witness because we are making a record here.

(The witness conferred with his counsel.)

Mr. EMANUEL WEISS. On advice of counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. Clerk, issue a subpoena for this witness immediately for his appearance immediately. I will ask the other witness, the other Mr. Weiss, what is your given name, Mr. Weiss?

Mr. PHILIP WEISS. Philip.

The CHAIRMAN. And this question is directed to Mr. Philip Weiss: Mr. Weiss, are you a businessman?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question, "Are you a businessman?" that a truthful answer thereto might tend to incriminate you?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question. Do you honestly believe that if you gave a truthful answer to the question, "Are you a businessman?" that a truthful answer thereto might tend to incriminate you?

That is an order and direction.

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason the answer might tend to incriminate me.

The CHAIRMAN. That order and direction will continue during your presence here as a witness and while you remain under the jurisdiction of the committee.

Were you subpoenaed to be present?

Mr. PHILIP WEISS. Yes, sir.

The CHAIRMAN. A subpoena was served on you and you are here in response to a subpoena?

Mr. PHILIP WEISS. Yes, sir.

The CHAIRMAN. Thank you.

The subpoena on this witness, Mr. Philip Weiss, together with the return thereon, will be printed in the record at this point.

(The material referred to follows:)

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

L-4184

To Phil Weiss, greetings:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, forthwith, at their committee room, 101, Senate Office Building, Washington 25, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and to produce those documents mentioned in schedule I attached hereto and made a part hereof.

Thereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

Given under my hand, by order of the committee, this 1st day of May, in the year of our Lord one thousand nine hundred and fifty-eight.

JOHN L. MCCLELLAN,

Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.

SCHEDULE I OF SUBPENA L-4184

To produce for the period from January 1, 1950, to the present time:

1. All bank statements, canceled checks, check stubs, duplicate deposit slips, deposit receipts, savings account records, safety deposit box records, and any and all other records reflecting your personal banking transactions, and those jointly with your wife, and with any bank, savings and loan association, building and loan agency, or any other agency or individual;

2. All records reflecting loans by you, or upon your behalf, made to or received from any source;

3. All records reflecting all other sources of income and the amounts thereof which you personally, or jointly with your wife, received from any source;

4. All records reflecting assets, such as trusts, stocks, government or municipal bonds, corporate or partnership shares, and ownership in whole or in part of any business or enterprise held by you personally, or jointly with your wife, and/or in the names of your children;

5. All records reflecting any realty transactions or realty holdings by you personally, or jointly with your wife, together with pertinent data showing the equity held therein and any liens, notes secured by deeds of trust or mortgages, or other indebtedness against such realty;

6. All diaries, calendars reflecting appointments, and appointment books maintained by you or in your behalf at your offices;

7. All your personal income tax returns, or those filed jointly by you and your wife, both Federal and State.

SERVICE

JUNE 9, 1958.

I made service of the within subpoena by service on Atty. Jos. Louisell, authorized to accept service for the within-named Phil Weiss at 2366 Penobscot Building, Detroit, Michigan, at 5:10 o'clock p.m. on the ninth day of June 1958.

I. LANGENBACHER,
Assistant Counsel.

The CHAIRMAN. Mr. Counsel, you may proceed with your interrogation of Mr. Philip Weiss for the present.

Mr. KENNEDY. Mr. Chairman, Mr. Philip Weiss is by far the more important witness as far as this committee is concerned.

The CHAIRMAN. He has been subpoenaed and the other one has not been. I will have a subpoena served on the other one so there will be no question about it.

Proceed.

Mr. KENNEDY. We do not expect this afternoon to go into all of his affairs, Mr. Chairman. It will be necessary for him to return at a later time. But we did, as we were going into the situation involving the Penn Products Co. and Charlie Johnson, want to have him before the committee to ask him some questions about that.

Mr. Weiss, you were born on February 2, 1900; is that correct?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. It is also correct, is it not—

The CHAIRMAN. Do you think you were incriminated when you were born?

(The witness conferred with his counsel.)

Mr. PHILIP WEISS. Is that a question?

The CHAIRMAN. Yes.

Mr. PHILIP WEISS. On the advice of counsel, I respectfully decline to answer on the ground that the answer might tend to incriminate me.

Senator ERVIN. That is carrying an absurdity beyond the realm of ridiculousness. Certainly no man is responsible for his entrance into the world and his entrance into the world couldn't possibly tend to incriminate him of anything. It is not a crime just to be born. That just shows how the fifth amendment is abused and made ridiculous.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. LOUISSELL. Mr. Chairman, I submitted in advance a statement which I had asked permission to read to the committee, which I think

explains the situation. I think in fairness to the committee, all of the committee should——

The CHAIRMAN. Is that a statement from counsel?

Mr. LOUISELL. Yes, sir.

The CHAIRMAN. Not from the witness?

Mr. LOUISELL. Not from the witness.

Mr. KENNEDY. What it says in substance, and you can correct me, that both Mr. Phil Weiss and Mr. Emanuel Weiss were indicted on July 27, 1954, with two other individuals, for the theft of automobile parts from the Willys-Overland Co. of Toledo, Ohio, the theft that was alleged to have taken place in 1952. All the defendants were found guilty in October of 1956.

Phil Weiss was sentenced to 5 years and fined \$10,000. The case was appealed and in April of 1958 the case was remanded back to the district court for a new trial. The new trial has not yet begun, but these two gentlemen are in the position of being under indictment.

Mr. LOUISELL. They continue under a pending indictment in the United States district court.

The CHAIRMAN. Is that for stealing an automobile?

Mr. LOUISELL. The indictment charges the violation of the code which prohibits the interstate transportation of stolen goods.

The CHAIRMAN. It is connection with the alleged theft of an automobile?

Mr. LOUISELL. Not of an automobile; automobile parts. The alleged theft and conversion.

The CHAIRMAN. The theft of stolen goods consisting of automobile parts?

Mr. LOUISELL. That is correct, Mr. Senator.

Mr. KENNEDY. Many thousands of dollars.

The CHAIRMAN. That statement, if you have filed a statement, the Chair will accept it, without taking time to read it, if that is the substance of it.

Mr. LOUISELL. That is the substance. Further, that it was my understanding, however, that the committee was not disposed to expend time with persons situated as are the Messrs. Weiss where the committee knew in advance, as this committee has, as early as last June, that is, June of 1958, that because of the pendency of that indictment, if Mr. Philip Weiss were called before the committee he would, of necessity, be required to rely on the Bill of Rights.

The CHAIRMAN. Let me inquire of counsel: Is the testimony that you seek to elicit from Mr. Philip Weiss, or in your interrogation of him, in any way related to the stolen automobile parts?

Mr. KENNEDY. We don't expect to go into whether he stole the automobile parts at all.

The CHAIRMAN. In other words, that will not be a subject matter of the inquiry?

Mr. KENNEDY. It will not be.

The CHAIRMAN. Then we will proceed. The fact that someone is under indictment for something else which is not relevant to this hearing would not preclude us from interrogating him about any information he may have that is pertinent to the investigation this committee is charged with conducting.

I will be glad to hear you.

Mr. LOUISELL. Might I respectfully point out that upon a retrial of this cause in the United States district court, these men may again be witnesses in their own defense, and such record as might be made here might be the subject of inquiry on cross-examination of them in the course of that trial. We can't predict, of course, what might happen.

The CHAIRMAN. I may say this: There is not a witness who appears here and testifies but what his testimony might become the subject of an inquiry, whether indicted or not. This is a public hearing, we are making a public record. We are making it under oath and people are bound by what they say here because it is under oath.

Mr. LOUISELL. That is why, of course, I have advised them to claim their privilege under the Constitution.

The CHAIRMAN. It is your privilege to advise them.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Weiss, during the 1930's, you and Edward Weiss organized Penn Products Co., of Somerville?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. In the early 1940's, you went into business with Richard Frankenstein, who is a high official of the UAW?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. You organized the Frankenstein Corp., which manufactured wrist watches, bracelets, and toaster grills and sold them in and around the Detroit area during the 1940's?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Shortly after the war you were involved in black-marketing of steel, were you not, Mr. Weiss?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. You and Frankenstein were also in that, buying from the Portsmouth Steel Co. and selling it to the Steel Trading Co., of Detroit, Mich.?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct, also, that you have been involved in the black marketing of steel with "Longy" Zwillman, as well as Frankenstein?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it true that you have had financial dealings with various steel companies in the United States at various times?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. And isn't it correct, also, that in those dealings you have always used as a basis of them your relationship with, alleged relationship, with certain union officials?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it true that you have continuously used the names of high officials of the Steelworkers in connection with obtaining or making arrangements with steel corporations and companies throughout the country?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct, also, Mr. Weiss, that you have used your friendship with Mr. Jimmy Hoffa to obtain business deals with certain truck companies and other companies throughout the country?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. For instance, in 1957, didn't you go to a representative of the trucking companies up in New York and tell them that because of your relationship with Mr. Hoffa, that you would be able to alleviate the terms of the contract if they would grant the insurance, if the truckers would grant the insurance, to a friend of yours?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that you had several meetings along those lines until the deal was finally ended by Mr. Sheridan in New York City?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. And that was Mr. Hugh Sheridan, who was head of the Truckers Association in New York; isn't that correct? He is the one that squelched the deal? Is that right?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that in addition to these other situations, that you have also used your friendship with Charlie Johnson of the Carpenters Union in order to obtain contracts from various contracting firms throughout the United States?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. And one of these situations that we have dealt with is the relationship that you have had with the Penn Products Co., Mr. Weiss, and your introduction into that company of Mr. Charles Johnson, Jr.?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. And isn't it correct that you have drawn money out of that company in connection with sales that you have made?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. In addition to Mr. Charlie Johnson, you have had friendship with Mr. Frank Chapman of the Carpenters Union?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct, Mr. Weiss, that you are probably foremost in the country, in the United States, as far as selling your racket connections, not only with racket labor union officials, but with racketeers in the United States?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that while Johnny Dioguardi might be effective in New York City, somebody else might be effective in Detroit, somebody else in Philadelphia, that you have had the most far-reaching effect on labor racketeering of anybody in the United States?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. And isn't it correct that you can never make a legitimate business deal, Mr. Weiss? You are always using who you know in the labor union movement or who you know in the underworld in order to make a few extra dollars for yourself?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we have subpoenaed the telephone calls of Mr. Weiss to various places in the United States, and it establishes a pattern which is not directly involved in these hearings today, but which we hope to be able to go into at a later time during this coming year.

I do not intend to interrogate Mr. Weiss about the situation at the present time, other than to establish his general pattern, his general pattern of operation in this field.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. May I ask Mr. Emanuel Weiss—

The CHAIRMAN. At this point, there will be printed in the record the subpoena served on Mr. Emanuel Weiss.

Mr. Weiss, you acknowledge the subpoena was served on you?

Mr. EMANUEL WEISS. I have been handed the document which is the subpoena.

The CHAIRMAN. That may be printed in the record.

(The subpoena is as follows:)

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

L-6177

To Emanuel Weiss, greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, forthwith, at their committee room, 3302, Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee.

Thereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Mrs. Ruth Young Watt, to serve and return.

Given under my hand, by order of the committee, this 4th day of February, in the year of our Lord one thousand nine hundred and fifty-nine.

JOHN L. MCCLELLAN,

Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.

SERVICE

FEBRUARY 4, 1959.

I made service of the within subpoena by showing original and serving an exact carbon to the within-named Emanuel Weiss in an open hearing of the Senate Select Committee on Improper Activities in the Labor or Management Field in room 3302, New Senate Office Building, at 4:45 o'clock p.m. on the fourth day of February 1959.

RUTH YOUNG WATT.

Mr. KENNEDY. Mr. Emanuel Weiss, would you tell us your relationship with the Penn Products Co., the Penn Products Corp.?

Mr. EMANUEL WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Is it correct, for instance, in one of your deals, that you went to the Esso Co. and suggested to them that you could obtain the contract from Merritt-Chapman & Scott, and that you wanted them to misbrand the oil that was going to be sold to Merritt-Chapman & Scott through your company?

Mr. EMANUEL WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. And that was going to give you 0.4 cent a gallon extra on the fuel oil that you sold?

Mr. EMANUEL WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Through 1953, 1954, 1955, and 1956, did both you and your two brothers, Mr. Ed Weiss and Mr. Phil Weiss, make telephone calls to Mr. Charlie Johnson? His diary shows that these telephone calls are for Mr. Johnson to contact various contractors for the purpose of inducing you to obtain business from them. Did you make such telephone calls?

Mr. EMANUEL WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Mr. Charlie Johnson was brought into this corporation, into this arrangement, for the purpose of obtaining contracts through influence, was he not?

Mr. EMANUEL WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. Isn't that correct, Mr. Phil Weiss, that Mr. Johnson was brought into this company in order to obtain contracts through influence?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. This is just part of your pattern of operation, isn't it, Mr. Weiss?

Mr. PHILIP WEISS. On advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. This is what has enabled you to obtain the reputation as one of the most notorious of the labor racketeers in the United States; is that correct?

Mr. PHILIP WEISS. On the advice of counsel, I respectfully refuse to answer for the reason that the answer might tend to incriminate me.

Mr. KENNEDY. That is all at this time, Mr. Chairman.

The CHAIRMAN. Have you any questions, Senator Ervin?

Senator ERVIN. No.

The CHAIRMAN. These two witnesses, both Mr. Emanuel and Mr. Philip Weiss, will remain under their present subpoena, subject to being recalled at such time as the committee may desire to hear further testimony from them.

If you will acknowledge that recognizance, you may be excused until such time as you receive notice to appear here.

Do you acknowledge it?

Mr. PHILIP WEISS. Yes.

Mr. EMANUEL WEISS. Yes, sir.

The CHAIRMAN. All right. Reasonable notice of time and place will be given to you, either directly or through your attorney. You may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, I would like to call Mr. Tierney to place a document in the record.

Mr. Tierney, we examined the diary of Mr. Charlie Johnson in connection with telephone calls he has received?

Mr. TIERNEY. Yes, we did.

Mr. KENNEDY. Have you a copy of that diary?

Mr. TIERNEY. I have.

Mr. KENNEDY. Do you have it here?

Mr. TIERNEY. I do.

The CHAIRMAN. Is it correct and accurate?

Mr. TIERNEY. It is, Mr. Chairman.

The CHAIRMAN. The copy you have before you?

Mr. TIERNEY. The copy I have before me.

The CHAIRMAN. Do you wish to receive it as an exhibit?

Mr. KENNEDY. Yes, please.

The CHAIRMAN. It may be received as exhibit No. 75.

(The document referred to was marked "Exhibit No. 75" for reference and may be found in the files of the select committee.)

The CHAIRMAN. All right.

Mr. KENNEDY. I have one more witness, Mr. Chairman.

The CHAIRMAN. Call the witness.

Mr. KENNEDY. Mr. Rowley.

The CHAIRMAN. Has this witness been sworn?

Mr. KENNEDY. No, he has not been.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROWLEY. I do.

TESTIMONY OF RONALD H. ROWLEY

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. ROWLEY. Ronald H. Rowley, 4339 North Union, Des Moines, Iowa. I am a business agent for the Carpenters Local 106, in Des Moines.

ERRATA SHEET

To accompany hearings before the Select Committee on Improper Activities in Labor or Management Field

In part 44 of the committee hearings the first name of a witness was incorrectly printed. The witness whose testimony begins on page 16326 is named Lionel H. Rowley, not Ronald H. Rowley.

After the conclusion of the hearings, Mr. Rowley's attorney wrote to the chief counsel, advising him that Mr. Rowley had made an inadvertent error in his testimony. At the bottom of page 16336, in response to a question from Senator Ervin, Mr. Rowley stated that his action against the Carpenters Union was pending in Federal court. The witness' attorney requested that the record be made to show that the suit was not in the Federal district court but in the District Court of the State of Iowa, in and for Polk County.

The CHAIRMAN. Do you waive counsel?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, we have finished with the phase of the case involving the Penn Products Co. and Charlie Johnson, and this is just a short witness in connection with the relationship of the International Brotherhood of Carpenters with certain of its union officials who are in opposition to them.

Mr. Rowley, you have been the business agent for Local 106 of the Carpenters and Joiners since July 1, 1957?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. And during the period of time you have been critical, have you not, of certain of the international officers of the Carpenters?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. You have been critical in a number of different matters; is that right?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. In connection with the alleged corruption of these officials?

Mr. ROWLEY. That is right.

Mr. KENNEDY. And in connection with their appearances before two Senate committees?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. And their failure to answer questions; is that right?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. And then also Mr. Hutcheson, and certain of the other union officials, being indicted in the State of Indiana, in connection with the road scandal?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Were you also critical of the manner in which Mr. Hutcheson had taken over the union?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. In what way had you been critical about it?

Mr. ROWLEY. I objected ever since his entry as the general president in the manner in which he originally arrived, a father-son kingdom.

Mr. KENNEDY. Do you mean the fact that Mr. Hutcheson, Senior, virtually turned over the union to his son?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. He willed it to him?

Mr. ROWLEY. That is right. That is my belief.

Mr. KENNEDY. Had you raised these questions at various times?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. When was the International Carpenters convention?

Mr. ROWLEY. November 10, 1958.

Mr. KENNEDY. Had you known, or had you had any conversations with, Mr. Lew Farrell, whom we have had before this committee? Did you have any conversations with him prior to that convention?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Did he obtain from you in some way papers that you had written indicating the questions that you expected to raise at the International Carpenters convention?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Questions such as you have discussed here today; is that right?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. He obtained those papers, did he, through your assistant at the Carpenters going through your briefcase and taking the papers out?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Who was your assistant who did that?

Mr. ROWLEY. Robert Pepper.

Mr. KENNEDY. Did they admit this is how they obtained the papers?

Mr. ROWLEY. Yes.

Mr. KENNEDY. What did Mr. Farrell say to you after examining the papers?

Mr. ROWLEY. He told me that I should learn to keep my mouth shut and not write things down.

Mr. KENNEDY. What did you say?

Mr. ROWLEY. I told him to stay out of the affairs of local 106.

Mr. KENNEDY. What did Mr. Farrell have to do with the Carpenters at that time?

Mr. ROWLEY. Not a thing.

Mr. KENNEDY. He is a notorious figure in that area?

Mr. ROWLEY. That is the general opinion, yes, sir.

Mr. KENNEDY. You went to the convention, you and several of the other delegates, in November of 1958; is that right?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. You went to St. Louis on November 6, 1958?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. During that period of time, did Mr. Pepper, who went with you, make any statement to you about how you should conduct yourself at the convention?

Mr. ROWLEY. Yes. He told me that his man, and he was referring to Mr. Farrell, said I had better keep my mouth shut.

Mr. KENNEDY. Did you tell him you would keep your mouth shut?

Mr. ROWLEY. No, sir. I told him I wouldn't.

Mr. KENNEDY. When you arrived in St. Louis, did you see Mr. Farrell there?

Mr. ROWLEY. I saw him the next afternoon.

Mr. KENNEDY. Did you have any conversation with him at that time?

Mr. ROWLEY. No, sir.

Mr. KENNEDY. Were you harassed at all while you were in St. Louis?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. In what way?

Mr. ROWLEY. I was accosted by a general representative of President Hutcheson's. His name was W. E. McDaniels. He cursed me with every known word, every vulgar, profane name. He threatened to kill me, exterminate me, and exterminate my local union.

Mr. KENNEDY. Was he with anyone at the time?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Was he with anyone at the time?

Mr. ROWLEY. Yes, sir. There was a group around him.

Mr. KENNEDY. Did you notice whether any of these men had guns or were armed in any way?

Mr. ROWLEY. Yes, sir. At least one had a gun and at least two had saps or blackjacks?

Mr. KENNEDY. Did you see those?

Mr. ROWLEY. I saw them.

Mr. KENNEDY. Do you know who had the guns?

Mr. ROWLEY. I don't know who they were. They were there.

Mr. KENNEDY. What did you reply to this?

Mr. ROWLEY. I didn't reply anything. I eased out the door. I was afraid.

Mr. KENNEDY. Did they have at that time these same notes that you had written out earlier?

Mr. ROWLEY. Photostats.

Mr. KENNEDY. Do you have copies of those notes here?

Mr. ROWLEY. No, sir. I have them in town, though. I could supply them.

Mr. KENNEDY. Were you followed at all while you were in St. Louis?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. By whom were you followed?

Mr. ROWLEY. I don't know. But I had a man with me at all times. He watched every move I made.

Mr. KENNEDY. Were these any of the people that you had seen in company with Mr. Lew Farrell?

Mr. ROWLEY. Yes, sir. One of the men.

Mr. KENNEDY. One of the men that was in company with Mr. Farrell?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Did you also have some conversations with Mr. Stevenson, who was the national representative of the international?

Mr. ROWLEY. Yes, sir; he rejected my credential and I asked him why.

Mr. KENNEDY. You tried to get into the convention; is that correct?

Mr. ROWLEY. I tried to register on Saturday before the convention started on Monday.

Mr. KENNEDY. Could you relate to the committee what happened?

Mr. ROWLEY. Mr. Stevenson stepped forward just as my credential was passed to Mr. Hutcheson, and he picked it up and handed it to me, didn't even unfold it——

Mr. KENNEDY. Didn't what?

Mr. ROWLEY. He didn't even unfold it. He said to President Hutcheson that this credential was no good—no damn good was his words.

Mr. KENNEDY. Did he say anything further to you?

Mr. ROWLEY. I asked him why, and he told me—he called me a son-of-a-b—— and said that "I will not speak to you."

Mr. KENNEDY. What did Mr. Hutcheson say?

Mr. ROWLEY. I asked Mr. Hutcheson "What about it?" And he said, "That goes for me, too."

Mr. KENNEDY. Had anybody examined your credentials?

Mr. ROWLEY. No, sir.

Mr. KENNEDY. Nobody had examined them?

Mr. ROWLEY. No, sir.

Mr. KENNEDY. They just would not admit you?

Mr. ROWLEY. That is right.

Mr. KENNEDY. Between the time that you had had the conversation with the official who was in company with the individuals who had the blackjacks and the gun, had you had any conversations between that time and the time you presented your credentials, indicating that you shouldn't show up?

Mr. ROWLEY. Yes. This McDaniels told me that I wouldn't be seated, and also my assistant business agent told me I wouldn't be seated, and I believe they knew what they was talking about.

Mr. KENNEDY. Did Mr. Pepper tell you anything?

Mr. ROWLEY. Yes; he told me that. He told me I would probably go back to Des Moines, Iowa, in a wooden overcoat.

Mr. KENNEDY. In a wooden overcoat?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. What did he mean by that?

Mr. ROWLEY. I assume a coffin. I don't know.

Mr. KENNEDY. So when you presented your credentials and they wouldn't allow you to get in, what did you do then?

Mr. ROWLEY. Well, I, in company with Mr. Potts, one of our members that was seated as a delegate, who had the same credentials as I had, I left the building and went over across the street. We were in the Statler Hotel. I went to the Lennox Hotel.

Mr. KENNEDY. What happened?

Mr. ROWLEY. Well, on the way out of that hotel, and in the lobby of the Lennox, I wasn't touched, but I was spoke to in a manner that it scared me even further.

Mr. KENNEDY. So did you leave town?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. You went back to Des Moines?

Mr. ROWLEY. Within 2 hours I was gone.

Mr. KENNEDY. What happened after you got to Des Moines? Did anything further happen to you?

Mr. ROWLEY. Nothing other than the Sunday after the convention closed the president of our union, who was in St. Louis, came back and without any ifs or ands, wrote a note and phoned me and told me he fired me as business agent.

Mr. KENNEDY. Had you been elected as business agent?

Mr. ROWLEY. I had been.

Mr. KENNEDY. How could he fire you?

Mr. ROWLEY. He couldn't. But he had orders to.

Mr. KENNEDY. Did he tell you who had given him the orders?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Who did he say gave him the orders?

Mr. ROWLEY. He said Mr. Stevenson was telling him, John R. Stevenson was telling him what to do.

Mr. KENNEDY. Mr. Stevenson is the assistant to Mr. Hutcheson; is that right?

Mr. ROWLEY. He is the first vice president.

Mr. KENNEDY. Of the Carpenters?

Mr. ROWLEY. International; yes, sir.

Mr. KENNEDY. That was on Sunday, November 16. What did you do then?

Mr. ROWLEY. I ignored it, and the following Tuesday night, on the 18th, he tried to remove me by a vote of the local. I won the vote by a vote of 99 to 65. That was the representation we had there that night.

Mr. KENNEDY. Did you demand a hearing?

Mr. ROWLEY. I did.

Mr. KENNEDY. Did he give you a hearing?

Mr. ROWLEY. He appointed or selected a committee. He had brought the charges and from the Chair he dominated the committee and selected a trial committee for my trial.

Mr. KENNEDY. He selected the committee himself?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. The same person who had brought the charges against you selected the committee that was going to hear the charges?

Mr. ROWLEY. Yes, sir. I had objected to him doing it, too.

Mr. KENNEDY. Did you have a hearing?

Mr. ROWLEY. Yes, sir; I reckon you could call it that.

Mr. KENNEDY. What happened?

Mr. ROWLEY. They expelled me from the union.

Mr. KENNEDY. What were you expelled for?

Mr. ROWLEY. I don't now, sir.

Mr. KENNEDY. Were there any charges made against you?

Mr. ROWLEY. Very vague. Just on generalities. They expelled me under sections that I could be an embezzler, a robber, a Communist. There is a lot of things they could have put on there.

Mr. KENNEDY. Did they say you were an embezzler or a Communist.

Mr. ROWLEY. They didn't specify anything anywhere.

Mr. KENNEDY. Just general charges?

Mr. ROWLEY. I was just expelled; yes, sir.

Mr. KENNEDY. What happened after the hearing?

Mr. ROWLEY. After the hearing, my attorney took it to the district court in Des Moines, Iowa, and we secured a restraining order, a temporary injunction, whatever you call it, and it set aside temporarily their findings, and everything is status quo right now, as it was before the convention.

Mr. KENNEDY. They put a temporary injunction on their firing you from the union?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. Was there a movement underway to remove these charges? Did the court enter into a consent decree to have these charges removed?

Mr. ROWLEY. The court instructed us to come to terms away from the court, which we did.

Mr. KENNEDY. Who is "we"?

Mr. ROWLEY. The union and myself. The body, not the officials. The general assembly. We settled the issue by a majority vote.

Mr. KENNEDY. What was the sum and substance of that?

Mr. ROWLEY. That all the charges would be expunged, and that a consent decree would be entered in the court, the district court, in Des Moines, Iowa; that I would retain my business agent's job until my term expired or until my successor was elected, and that I would retain my union card. That was basically the substance of it.

Mr. KENNEDY. And did the union membership agree to that?

Mr. ROWLEY. The union membership agreed to it.

Mr. KENNEDY. When was this?

Mr. ROWLEY. Last Tuesday night, a week ago last night.

Mr. KENNEDY. Did they vote on it?

Mr. ROWLEY. They voted on it.

Mr. KENNEDY. What was the vote on that?

Mr. ROWLEY. I think it was 34 to 30. I wouldn't be sure, but it was about midnight when it was voted, and most—

Mr. KENNEDY. How many members do you have?

Mr. ROWLEY. We have over 1,000, but I wouldn't hazard a guess.

Mr. KENNEDY. Was one of the tactics to keep the people until midnight so there wouldn't be anybody there?

Mr. ROWLEY. Yes, sir. That was the stall.

Mr. KENNEDY. So the union membership did vote, nevertheless, that you should be retained in your position. What happened after that?

Mr. ROWLEY. That same night the two attorneys for the union was there. They were instructed what the union had voted, and it was the general opinion of everyone, except a few officers, maybe, that opposed me, that the next day the consent decree would be filed. But the orders of John R. Stevenson, the first general vice president of our international, and a representative of his, or Mr. Hutcheson's, named J. Earl Welch, last night they ordered the local to mark that out of their records; that that settlement was illegal, and that they would never adhere to it.

I got that over the phone from a person I trust. The settlement that the local voted was turned down by our general office in Indianapolis.

Mr. KENNEDY. And they are, in effect what amounts to, ordering you to be expelled as a business agent?

Mr. ROWLEY. That is what they want. If the court order wasn't on, I would be out as of now.

Mr. KENNEDY. And you have never had any specific charges against you?

Mr. ROWLEY. Not up until last night, no, sir.

Mr. KENNEDY. We have verified that, Mr. Chairman, that there are not any charges that we can find against this witness.

They stated that you might become an embezzler if you got hold of some of the union funds, I understand?

Mr. ROWLEY. Yes, sir.

Mr. KENNEDY. But you have nothing to do with the handling the funds?

Mr. ROWLEY. No funds whatsoever. Just my paycheck.

The CHAIRMAN. Do you still draw your salary?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Do you draw expenses?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. You are still being paid?

Mr. ROWLEY. Yes, sir. They are paying it under the orders of the district court.

The CHAIRMAN. The court has ordered that, that your salary and services be continued?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. And you continue to function as an official until such time as your successor is elected?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. When will the next election be?

Mr. ROWLEY. The election will be next June, and the term will expire the first meeting night in July. It will be the first Tuesday night in July.

The CHAIRMAN. Has that order been made permanent yet by the court?

Mr. ROWLEY. No, sir; it has not.

The CHAIRMAN. It is temporary?

Mr. ROWLEY. It is temporary.

The CHAIRMAN. How long has the order been in existence?

Mr. ROWLEY. Since the 18th of December, I believe.

The CHAIRMAN. More than a month?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Has there been scheduled a hearing on it to make it permanent?

Mr. ROWLEY. My attorney told me yesterday that he would ask that today, that the hearing be scheduled.

The CHAIRMAN. That a hearing be scheduled on the temporary order?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. But the court has set no time?

Mr. ROWLEY. No, sir.

The CHAIRMAN. In the meantime, he has instructed all of you to go out and try to settle it among yourselves?

Mr. ROWLEY. Which we did; yes, sir.

The CHAIRMAN. And that you undertook to do?

Mr. ROWLEY. We come to terms; yes, sir.

The CHAIRMAN. You did come to terms by that vote of 34 to 30, I believe you said.

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Of course, that is one of the unhappy situations about these matters, that you can't get them out to vote. Out of 1,000 members there were 64 members operating on a divided question before the union, and that is whether one of its business agents should be expelled or not.

Mr. ROWLEY. That is general, too.

The CHAIRMAN. What time did the meeting convene that night?

Mr. ROWLEY. The meeting convened at 7:30, each Tuesday night.

The CHAIRMAN. It was about midnight when they voted?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. What was your attendance about 8 o'clock that night?

Mr. ROWLEY. 8 o'clock there was possibly 250.

The CHAIRMAN. And it dwindled away until they left because of the late hour to where there were only about 64 or 65 present?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. The only reason you know for all of this problem, the trouble that you have had, is because you opposed some of the activities, some of the policies, of the union under its present leadership?

Mr. ROWLEY. I think that, and the ambitions of some of the local boys.

Mr. KENNEDY. Do you mean Mr. Farrell?

Mr. ROWLEY. Mr. Farrell and his friends.

The CHAIRMAN. Is Mr. Farrell a member of the union?

Mr. ROWLEY. No, sir; he is a friend to the assistant business agent.

The CHAIRMAN. What is his power over the union, this fellow Farrell? Where does he get his power of domination over the union?

Mr. ROWLEY. He don't have any power over our union. He just has power over some individuals in our union.

The CHAIRMAN. Well, they are officials, are they?

Mr. ROWLEY. Yes, sir; they were elected, though, and I can't remove them.

The CHAIRMAN. Well, in that way he does have power over the union through certain officials in the union?

Mr. ROWLEY. Yes; I would say so.

The CHAIRMAN. Would you regard him as the union boss, so far as the local is concerned?

Mr. ROWLEY. Well, no, sir; I don't. He would like to be, I am sure.

The CHAIRMAN. He is trying to be?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. What business is he engaged in, this man Farrell?

Mr. ROWLEY. I don't know.

The CHAIRMAN. How long have you known him?

Mr. ROWLEY. I have known him about a year. I have met him five times.

The CHAIRMAN. What is he, a racketeer or something?

Mr. ROWLEY. I don't know that, sir. I was introduced to him by Robert Pepper. Each time I met him, Robert Pepper was with me and arranged it.

The CHAIRMAN. Does he attend your union meetings?

Mr. ROWLEY. No, sir.

Mr. KENNEDY. Mr. Farrell has already appeared before the committee as a witness. He has been identified as a racketeer. He was identified as associated with some of Al Capone's gangsters in that area. He has a most unsavory past. He has had a close relationship with Barney Baker, and a close relationship with Jimmy Hoffa. He also has this relationship that we have heard about with some of the Carpenter officials in the Des Moines area.

The CHAIRMAN. Do you intend to continue to fight for your rights?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Senator Ervin, have you any questions?

Senator ERVIN. I believe somebody who is more poetic than myself summed up this kind of a situation that it would appear that this witness' trouble has been due to the fact that he did not bend the pregnant hinges of the knees. In other words, because he exercised his rights as an American citizen should exercise them, it was attempted that he be hounded out of a union and out of his opportunity to make a livelihood for himself and his family.

I think we should be grateful that there are some people in America who still have a little courage.

The CHAIRMAN. The Chair will keep you under subpena. You will remain under your present subpena subject to being recalled by the

committee at such time and place as it may desire to hear further testimony from you.

Do you acknowledge that recognizance?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. The Chair would also admonish you or direct you that in the event anyone undertakes to intimidate you or threaten you in any way by reason of your appearance before this committee, that you report it to the committee at once so that we may take appropriate action.

Mr. ROWLEY. Thank you.

The CHAIRMAN. If you are molested by reason of your testimony here or if there is any effort made to harm you or intimidate you, it will become a matter of immediate concern to the committee upon your so advising us that it occurred.

Mr. ROWLEY. Thank you.

The CHAIRMAN. Let the Chair get one thing straight. Were you elected by your members as a delegate to the national convention?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Were your credentials in order when you went there and submitted them?

Mr. ROWLEY. Yes, sir; they were.

The CHAIRMAN. And they were never examined, but the president, Hutcheson, and—who is the other one, his vice president?

Mr. ROWLEY. Stevenson, John R. Stevenson.

The CHAIRMAN. They refused to even look at your credentials or to accept them or to seat you as a delegate?

Mr. ROWLEY. That is right.

The CHAIRMAN. You were denied that right and threatened by reason of your presence there?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. What do you say the reason for it was? Because you had been critical? Is that correct? That is, of their administration?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Is that typical of the way this union is operated?

Mr. ROWLEY. It is typical so far as I know.

The CHAIRMAN. It is that sort of policy or that sort of policies which you have been condemning and criticizing?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Tactics like that?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Do you pay your dues?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. Your union, your local, pays you for the service you rendered to it?

Mr. ROWLEY. Yes, sir.

The CHAIRMAN. What is your salary?

Mr. ROWLEY. I draw \$158 a week, the same as a carpenter foreman.

The CHAIRMAN. The same as if you were actually working out on the job?

Mr. ROWLEY. Yes, sir; and I draw \$30 expenses a week for my automobile and anything else that I need it on.

The CHAIRMAN. And you have always been in good standing with your local?

Mr. ROWLEY. Yes, sir; I am paid for the entire year of 1959 right at this moment.

The CHAIRMAN. Were there other delegates elected from your local at the same time you were?

Mr. ROWLEY. Mr. Pepper and Mr. Johnson and a Mr. Potts. They were seated.

The CHAIRMAN. They were elected just as you were; is that correct?

Mr. ROWLEY. And they were seated; yes, sir.

The CHAIRMAN. They were seated and you were denied your seat although you were elected in the same manner and at the same time and by the same local?

Mr. ROWLEY. That is right.

The CHAIRMAN. And you were never given any reason why you were not accepted or seated at the convention?

Mr. ROWLEY. Not to me; no, sir.

The CHAIRMAN. Well, we have had other instances, maybe not quite as flagrant as this, where these tactics are used to deny to locals the right of representation in their choice at conventions and also denied to individual members the rights and privileges that they are entitled to under the constitution and bylaws, so far as I observe, of most every union.

There are some that are more stringent than others. This is just a clear indication of another example or illustration of what the labor movement can come to in this country if goons, thugs, and crooks and corrupt officials are going to run and dominate the movement.

It is for that reason that we are trying to get this information, so that Congress can weigh it and consider appropriate legislation to deal with the problem.

If your testimony is correct, if you stated the truth here this afternoon, it is an outrageous and contemptible situation that exists in the Carpenters Union.

Is there anything further?

Senator ERVIN. I would like to know this: When you speak of the district court, is that the State court or the Federal court?

Mr. ROWLEY. The Federal court, sir.

The CHAIRMAN. The committee will stand in recess until 10:30 tomorrow morning.

(Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 5:22 p.m. the select committee recessed, to reconvene at 10:30 a.m., Thursday, February 5, 1959.)

APPENDIX

EXHIBIT No. 63

UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

Local Union Number 301

NEWBURGH, NEW YORK

Jan. 9, 1954

Walsh-Langenfelder Companies
Mountainville, N.Y.

Gentlemen:

Enclosed you will find a copy of agreement changes effective Jan. 1, 1954, which we have negotiated with the General Contractors' Association of Newburgh.

As you will note, the wage scale has been raised from \$2.75 to \$3.12½ per hour. With this new rate the transportation expense to and from all jobs outside the city limits is to be paid. This expense is tax free and includes all such jobs within the territorial limits of this Local Union. The amount of this item is based upon the usual daily bus fare to and from each job. Needless to say, the transportation expense applies to any carpenter working within our jurisdiction regardless of to what Local Union he may belong.

Very truly yours,

Bernard H. Murray, Bus. Agt.
193 North Street

16337

EXHIBIT No. 67

MEMORANDUM FOR FILE

Baltimore, Maryland
April 20, 1955

Penn Products Company
Somerville, Mass.

Mr. C.A. Newland
Mr. J.H. Hackett
Mr. E.P. Coffey
Mr. J.E. Rollins

JHM
4/21

In a discussion with Mr. Emanuel Weiss last night from my home, he promised to mail us, at once, a letter for our files stating the competition which we are experiencing in securing his business. He further stated he was mailing us some of his delivery books for use when making deliveries to the Merritt-Chapman-Scott organization.

Mr. Weiss indicated that the tunnel job at Baltimore was probably going to need some petroleum products very soon as the ribbon cutting program was scheduled for Thursday, April 21.

It was again requested by Mr. Weiss that, when making deliveries to Merritt-Chapman-Scott, we show no price on the delivery ticket and that, if we desire, we can secure a signature on our own delivery ticket forms to be retained in our files - with no copy left with the customer when we make a delivery. Mr. Weiss further agreed that we should put the wording on his delivery ticket to the customer "#2 Diesel," whereas our delivery tickets could say "#2 Fuel."

Mr. Weiss said that if he received our letter of confirmation of the quotation by Monday, it would be satisfactory to him.

C. E. Bourke
C. E. Bourke

CEB:IKP

copy

WESTERN UNION

Defect

Telefax

FHB ES90 STANDARD OIL CO.

APRIL 21, 1955

MR. E. A. WEISS
ROOM 411
SHERATON BELVEDERE
CHARLES & CHASE

IMPERATIVE THAT YOU CONTACT ME AS SOON AS POSSIBLE. IF
NECESSARY CALL MY HOME, SEVERNA PARK 440.

C. E. BOURKE

077

PLEASE OBSERVE FOLLOWING INSTRUCTIONS

Place special black paper under this blank. Write or type message plainly within border. Do not erase. Errors should be crossed out.

Place black sheet on telefax machine for transmission

1200 (9-47)

101093

EXHIBIT No. 69

Baltimore, Maryland

April 22, 1955

Penn Products Company
Somerville, Mass.

MEMORANDUM TO: Mr. J. H. MacLeod

I had a phone conversation with Mr. Emanuel Weiss and cancelled our proposition, as outlined in your office.

I told Mr. Weiss that it was impossible for us to meet all of his requirements, that we could not sell our products and rebrand them to another grade, and neither did we desire to use his tickets - but felt we should use our own. I explained that these factors were the reasons for our withdrawing from the picture and that he was free to do business with whomever he chose.

Mr. Weiss seemed quite surprised and asked if there was any way in which he could change his requirements so that we would be in a position to sell him. I told him that we could not sell him under the basis as he had outlined and, therefore, we were withdrawing. That was the way the conversation ended.

C. E. Bourke

CEB:IKP

P.S. If Mr. Weiss further contacts us asking under what basis we would sell him, you may wish to quote him posted tank wagon on branded motor fuels and branded 208 Diesel.

You may further desire to have Mr. John Bracken aggressively solicit Merritt-Chapman-Scott and other subcontractors on the tunnel job at this time.

EXHIBIT No. 70

(54)

April 22, 1935

Personal and
Confidential

Penn Products Company
Amherst, Mass.

Mr. O.H. Kaseen
15 West 51st Street
New York 19, N. Y.

Dear Sir:

Following your conversation of yesterday, we endeavored to reach Mr. Weise at the Sheraton Belvedere Hotel in Baltimore where he was registered. However, we were unable to contact him so sent him the attached telegram. Mr. Weise called Mr. C.H. Bourke at his home last night.

Mr. Bourke told Mr. Weise that it was impossible for us to meet his billing requirements and, furthermore, that we could not sell our products and rebrand them to another grade, i.e., Mr. Weise was insisting that we sell them #2 Fuel Oil and bill it as #2 Diesel.

These were the reasons given to Mr. Weise for withdrawing from the picture and he was advised that as far as we were concerned he was free to do business with whom he desired. Mr. Weise was very surprised and asked if there was any way in which he could change his requirements so that we would be in position to sell him. He was told that we could not sell him under the basis he had outlined and, therefore, we were withdrawing, and this was the way the conversation ended.

For your information, we presently have contracts with Ehrhardt & May, Inc. and C.J. Langenfelder & Sons, large contractors operating in the Baltimore area, to whom we are selling Esso and Esso Extra at 2.65¢ per gallon off the tank wagon price. Naturally, we would be willing to sell Merritt, Chapman and Scott on the same basis.

Very truly yours,

JHM:FS
(10)

For C.A. Newland

P.S. Attached also is copy of letter from Mr. J.M. Catisalis, of Penn Products Company, dated April 27, 1935. J.H.M.

*Jacked
to Miss
all rec'd
New York
Oct. 30
Prof. Haring
JHM 4/27*

*Wood
K. E.
71*

*4/25
JER
JH*

EXHIBIT No. 72

MERRITT-CHAPMAN & SCOTT
CORPORATION

260 Madison Avenue
New York 16, New York

April 28, 1955

Esso Standard Oil Co.
15 West 51st Street
New York, New York

Attention: Mr. J. Donaldson

Subject: Fuel Oil and Lubricants
Patapesc Tunnel Project, Baltimore, Maryland

Gentlemen:

This will confirm our verbal order to your Mr. J. Donaldson to the effect that you are to furnish gasoline, fuel and lubricating requirements for our use on the Patapesc Tunnel Project, Maryland State Roads Commission, Contract PT-108 at the following prices:

Esso gasoline CTW prices on date of delivery less 2.65¢ a gal.

Esso white (unleaded) in drums at CTW prices at time of delivery plus 6¢ a gal. for putting in drums.

Esso diesel 208 fuel oil at CTC price at time of delivery less voluntary discount of 3/10¢ a gal. (It is understood that this voluntary reduction is subject to change.) Plus transportation at .275¢ a gal.

#2 fuel oil, Essoheat, medium CTC price at time of delivery less voluntary discount of 3/10¢ a gal. (It is understood that this voluntary reduction is subject to change.) Plus transportation at .275¢ a gal.

Lubricating oils and greases at our Esso standard contract prices.

Our purchase order will be placed with Penn Products Co., 94 Vernon St., Somerville, Mass. when you will invoice at prices stated above for any materials furnished us on this Project.

Very truly yours,

MERRITT-CHAPMAN & SCOTT CORPORATION

/s/ S. Guy Owens

S. Guy Owens
Procurement Manager
Marine & Heavy Construction

000:jmc
dlf

EXHIBIT No. 73A

GULF OIL CORPORATION

BULK OIL CONTRACT

THIS CONTRACT made and entered into this

1st

day of

September

19 55

between GULF OIL CORPORATION, hereinafter called Seller and Merritt Chapman & Scott Corporation

of New York, N. Y.

hereinafter called Buyer.

FOR AND IN CONSIDERATION OF the mutual promises contained herein now this contract WITNESSETH

Seller herewith sells and agrees to deliver and Buyer purchases and agrees to receive and pay for:

PRODUCT — Gulf Miankoot Pool and for Gulf No. 2 Pool #41Buyer's equipment presentBaltimore, MarylandQUANTITY — maximum 1,500,000minimum Buyer's requirementPRICE — Seller's Market price in effect on date of delivery,for method of deliverysameDELIVERY — By Transport truck and into buyer's tanks — docksidein lots of not less than 4,000 gallons (transport truck tanks)

unless otherwise agreed upon Deliveries to be made in approximately equal monthly quantities

TIME — Between September 1

1955

and

August 31

19 57

Five days written notice to be given representative of Seller at
before each shipment is required.Baltimore, Maryland

TERMS — Payment shall be made

as follows: net thirty (30) days

The financial responsibility of Buyer must at all times be satisfactory to Seller, or shipments may be suspended, and in case Buyer shall fail to pay any draft drawn by Seller for bills due, Seller, if it so elects, may cancel and terminate this contract

DEMURRAGE — Buyer agrees to unload products upon receipt thereof without delay and any demurrage or delay charges accruing shall be paid by Buyer.

CONDITIONS — Liability of Seller ceases at point of transfer of title

This contract is not assignable except with the written consent of the Seller

In the event the performance of this contract by either party is affected by strike, fire, riot, war, Act of God, governmental regulations, or governmental requisition or requisitions for national defense or other purposes, or failure or shortage of railway, pipe line, or vessel service normally available to either party hereto, or breakdown of, or injury to, or shortage in, facilities used for the production, refining, or transportation of the products described herein, or of the crude oil or other raw material from which they are made, or any other cause beyond the reasonable control of the parties hereto, or either of them, whether similar to or dissimilar from the enumerated causes, the suffering party may, at its, his, or their option, suspend or terminate the performance of this contract, in whole or in part, and no liability for damages shall attach against either party on account thereof. Seller shall not be required to make up any deliveries omitted on account of any such causes

TAXES — It is agreed that there shall be added to the contract price specified and that Buyer will assume and pay any internal revenue, war revenue or any other tax or fee that may now or hereafter be imposed by the federal government, or by any state, county or municipality upon the product or products covered by this agreement, or in respect to the production, manufacture, inspection, sale, storage, use or transportation thereof

This contract may be performed by either Gulf Oil Corporation or its subsidiary, Gulf Refining Company

This instrument contains each and every agreement and understanding existing between the parties relating to the subject matter of this contract, and no agent of the Seller has authority to change, modify or add to this contract, or to make any other or further agreements in connection therewith.

This contract, signed in triplicate, shall be effective from and after the day first above written

GULF OIL CORPORATION

By

J. J. Sullivan

Buyer

Merritt Chapman & Scott Corporation

By

J. J. Sullivan

Witness

C. W. ShuppJohn Cangemi

946

EXHIBIT No. 73B

RECOMMENDED BY
 HENRIETT-CHAPMAN & SCOTT CORPORATION
 200 MADISON AVE. NEW YORK 16, N. Y.

PURCHASE ORDER

HENRIETT-CHAPMAN & SCOTT CORPORATION
 200 MADISON AVE. NEW YORK 16, N. Y.

ORIGINAL
 ORDER NUMBER

A-70901

THIS ORDER NUMBER MUST APPEAR
 ON ALL INVOICES, BILLS OF LADING,
 PACKAGES & CORRESPONDENCE

DATE SEPTEMBER 29, 1955

TO: GULF OIL CORPORATION
 201 LIGHT STREET,
 BALTIMORE 2, MARYLAND

JOB NO. YC 7266
 ACCT. NO. 1-1 2-H
 PAGE 1 OF 1 PAGES

SUBJECT TO ALL TERMS & CONDITIONS SHOWN ON THE
 FRONT & REVERSE SIDES OF THIS ORDER AND ON
 ATTACHED PAGES. SHIP THE FOLLOWING MATERIAL OR
 PERFORM SERVICES SPECIFIED.

REQUIRED DELIVERY AS REQUIRED

TERMS: FUELS—NET
 FORM OIL - 1/10 NET 30
 F.O.B.

SHIP TO: MARYLAND STATE ROAD COMMISSION
 C/O HENRIETT-CHAPMAN & SCOTT CORP.
 AT MEYERHAEUSER LUMBER CO.
 FAIRFIELD, BALTIMORE, MARYLAND

SHIP VIA
 YOUR DELIVERY

DELIVERED—JULY 11

ITEM	QUANTITY	DESCRIPTION	UNIT PRICE
------	----------	-------------	------------

FURNISH OUR REQUIREMENTS OF THE FOLLOWING AS CALLED FOR
 BY OUR JOB SUPERINTENDENT:

GULF DIESELECT FUEL	-	POSTED TW PRICES AT TIME AND PLACE OF DELIVERY LESS—80%—GAL.
GULF #2 DIESEL FUEL HEATING OIL MEDIUM	-	DITTO
GULF #561 FORM OIL	-	.28 GAL.

CONFIRMATION

MATERIAL REQUIRED FOR EQUIPMENT

TT/HD

"AGK"

SHIPPING & BILLING INSTRUCTIONS QUADRUPPLICATE

1. ON DAY SHIPMENT IS MADE:
 - (A) MAIL ORIGINAL BILL OF LADING & INVOICE TO US AT (200 MADISON AVE., NEW YORK 16, N. Y.)
 - (B) MAIL DUPLICATE COPY OF BILL OF LADING TO CONSIGNEE AT CONSIGNEE'S ADDRESS.
2. PACKING SLIPS OR LADING TICKETS MUST ACCOMPANY EACH SHIPMENT.
3. OUR PURCHASE ORDER NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, B/L, PACKING SLIPS & CORRESPONDENCE.
4. WE RESERVE THE RIGHT TO REFUSE DELIVERY OF ANY MATERIAL AND MERCHANDISE COVERED BY THIS ORDER WHERE SHIPPERS' INSTRUCTIONS HAVE NOT BEEN ADHERED TO AS REQUIRED.

HENRIETT-CHAPMAN & SCOTT CORPORATION

SEE TERMS AND CONDITIONS ON REVERSE SIDE

FD-205 (2-77) 140 0 04

CHANGE BY

LUNDBERG/DENNY

REQN. NO. A-70901

AMENDMENT TO PURCHASE ORDER

MERRITT-CHAPMAN & SCOTT CORPORATION

280 MADISON AVE

NEW YORK 16 N Y

DATE NOVEMBER 7, 1955

To:

GULF OIL CORPORATION
22 LIGHT ST.
BALTIMORE 2, MD.

ORDER NUMBER

A-70901
AMENDMENT NO

JOB NUMBER

YC 7266

THE ABOVE ORDER IS HEREBY MODIFIED AS SPECIFIED
BELOW ALL OTHER TERMS AND CONDITIONS AS
OUTLINED IN THE ORIGINAL PURCHASE ORDER AND
PRIOR AMENDMENTS THERETO REMAIN UNCHANGED

ITEM	QUANTITY	DESCRIPTION	UNIT PRICE
------	----------	-------------	------------

THIS AMENDMENT IS ISSUED TO ADD THE FOLLOWING TO OUR
P.O. # A-70901

OUR REQUIREMENT FOR PERSONNEL BOATS

WHITE MARINE GASOLINE

RECEIVED

NOV 8 1955

Baltimore District Office

REASON FOR CHANGE

SHIPPING & BILLING INSTRUCTIONS

1. ON DAY SHIPMENT IS MADE:

QUADRUPPLICATE

LUNDBERG/TT/PD

1A) MAIL ORIGINAL BILL OF LADING & INVOICE IN ~~ENCLOSURE~~ TO US AT (200 MADISON AVE., NEW YORK 10, N. Y.)

(1) MAIL DUPLICATE COPY OF BILL OF LADING TO CONSIGNEE AT CONSIGNEE'S ADDRESS.

2. PACKING LISTS OR LOADING TICKETS MUST ACCOMPANY EACH SHIPMENT

OUR PURCHASE ORDER NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, B/L, PACKING SLIPS & CORRESPONDENCE.

4. WE RESERVE THE RIGHT TO REFUSE DELIVERY OF ANY MATERIAL AND MERCHANDISE COVERED BY THIS ORDER WHERE SHIPPING

INSTRUCTIONS HAVE NOT BEEN ADHERED TO AS REQUIRED.

MERRITT-CHAPMAN & SCOTT CORPORATION

BY James M. Smith AUTHORIZED SIGNATURE

EXHIBIT No. 74

MERRITT CHAPMAN & SCOTT
CORPORATION

80 MADISON AVENUE
NEW YORK 14, NEW YORK
Cable: P-M-S - CABLE ADVERTIS MERRITT

December 28, 1955

Gulf Oil Corporation
1515 Locust St.
Philadelphia 2, Pennsylvania

Att: Mr. F. J. Hamilton
Division Manager - Direct Sales

Re: P.O. A-70901 - Fuel Oil & Diesel Oil for Patuxent Tunnel Project
Maryland State Road Commission Contract PT-106
Our Job YC-7266

Gentlemen:

In accordance with our telephone conversation of today with your Mr. Godley, we are writing to ask if you would be willing to invoice the No. 2 Fuel Oil and Diesel Oil called for on our P.O. A-70901 and Amendments thereto to:

Penn Products Co.
94 Vernon St.
Somerville, Massachusetts

You probably know that Penn Products Co. are distributors of fuel oils and lubricants and have served us on a number of jobs although they procure the oil from some major oil company in the area in which the job is located.

Prior to entering into our Order A-70901 with you we had placed our Order A-67763 with Penn Products Co. for the fuel oils and lubricants on the Patuxent Tunnel job and hence we have an obligation to them.

You would invoice Penn Products Co. at the prices stated in our Order A-70901, or less if you recognize them as a distributor, and they in turn would bill us for the fuel oil and diesel oil against our Order A-67763 with them.

We should appreciate your thoughtful consideration of this arrangement and an early reply so we may notify all concerned accordingly.

Very truly yours,

MERRITT CHAPMAN & SCOTT CORPORATION

[Signature]
G. Gay Owens
Procurement Manager

976
GGO:jmc
dlr
cc: O. C. Denny

BOSTON PUBLIC LIBRARY



3 9999 06352 029 8



